Financial Processes Government of Sint Maarten

The Procure to Pay Process

November 25, 2022

Version: Final Report

The Ministry of the Interior and Kingdom Relations
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Our reference: HEB/RJ/2220496

November 25, 2022

Report 'Financial Processes Government of Sint Maarten'.

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Dear Mr. Burger,

Grant Thornton Sint Maarten (hereafter 'Grant Thornton' or 'we') is pleased to present to The Ministry of the Interior and Kingdom Relations (hereafter 'Min BZK' or 'you') our report containing the assessment performed of the Budget Process of the Government of Sint Maarten, which we executed for your organization in accordance with our offer made with reference: HEB/RJ/67.004.0/46794.

This report contains the results of the assessment performed and sheds light on the financial processes within the Government of Sint Maarten as part of the thematic projects described in the Country Package. This assessment contributes to a wide range of reform plans and measures that should support Sint Maarten to create economic and societal resilience. More specifically, the purpose of this report is to assess the Procure to Pay process in order to initiate proper financial control within the Government of Sint Maarten, which is also the objective of Theme A of the Country Package. We received formal approval from the Ministry of Finance on October 21, 2022, by means of a letter with number 4480. Hence, we hereby provide you with the final report on the assessment of the financial processes.

We would like to thank you again for the opportunity to execute this very important initiative. It was a pleasure to cooperate with you, all members of the Steering Committee, and all other stakeholders in the different Ministries that contributed to our assessment. Without their support and guidance, we would not have been able to deliver this report.

Sincerely,

Herbert Beldman

Partner Advisory & Assurance

Roy Jansen

Partner Advisory

Contents

Grant Thornton

Ministry of the Interior and Kingdom Relations

Navigation page

Click to visit page

01 Introduction

02 Approach and Report Structure

03 Observations

04 Process Optimization

05 Process Control

06 Blueprint (Target Operating Model)

Ministerie van Binnenlandse Zaken en Koninkrijksrelaties

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Introduction

01

1 Introduction

Recently, the Government of Sint Maarten started the initiation of a wide range of reform plans and measures, to create economic and societal resilience and shape the future of the Government of Sint Maarten. These plans are part of the Country Package, an agreement between the Ministry Interior and Kingdom Relations and the Government of Sint Maarten to support the country with several improvement projects. One of these projects, which relates to the improvement of financial management within the government, is to assess the current financial processes that exist within the Government of Sint Maarten. Currently, there is no sufficient overview of the processes regarding financial management within the government, entangling a proper view of the financial position of the country.

As such, there is a need to provide insight into the current financial processes and corresponding IT systems. The objective of this project is to shed light on three critical financial processes (i.e., Payroll, Procure to Pay, and Order to Cash) within the government of Sint Maarten in order to better grasp their current state and understand how improvements can be realized. This report focuses specifically on the Procure to Pay process. Based on an analysis of the current state (IST) documentation, this report elaborates on which improvements should be implemented to the Procure to Pay Process and what the desired future state (SOLL) of this process resembles. It crystallizes the road toward the future state that guides efforts toward realizing a defined blueprint (Target Operating Model). This road exists of short-term improvements or quick wins for the process (IST++), and long-term improvements that lead to a desired future state (SOLL). The foundation of this blueprint and the accompanying recommendations lies within the analysis of the process through four lenses: 'People', 'Process', 'Technology', and 'Organization'. These lenses provide an evaluation of the process from multiple perspectives that serve as a guide for the transformation that lies ahead to reach the desired future state.

The following chapter elaborates more in-depth on the approach that is taken for the analysis of the process and the determination of the SOLL position. The approach assists in bridging the gap between the current state (IST position) and the desired future state (SOLL position) of the process. Moreover, this approach is subsequently translated into a recurring report structure that will guide you, as a reader, through the report content in a coherent manner.

Ultimately, the trilogy of reports on the financial processes in scope will support the Government of Sint Maarten in the transformation to an effective, efficient and above all controlled financial process framework that contributes to a clear view on the financial position of Sint Maarten. Consequently, this project is not limited to a process analysis alone. Rather, it contributes to a path toward an integral vision of the Future of Finance within the Government of Sint Maarten. The Future of Finance is reached through organizational transformation, which will be noticed by all citizens of Sint Maarten and stakeholders of the government.

"If you do what you always did, you will get what you always got."

Approach and Report Structure

02

Approach and Report Structure

This chapter provides an overview of the approach used to analyze the Procure to Pay Process and outlines the report structure, which serves as a reading guide.

Some specific characteristics of the approach will be highlighted, since these are pivotal to the assessment approach and will also act as prerequisites for the transition towards the desired state.
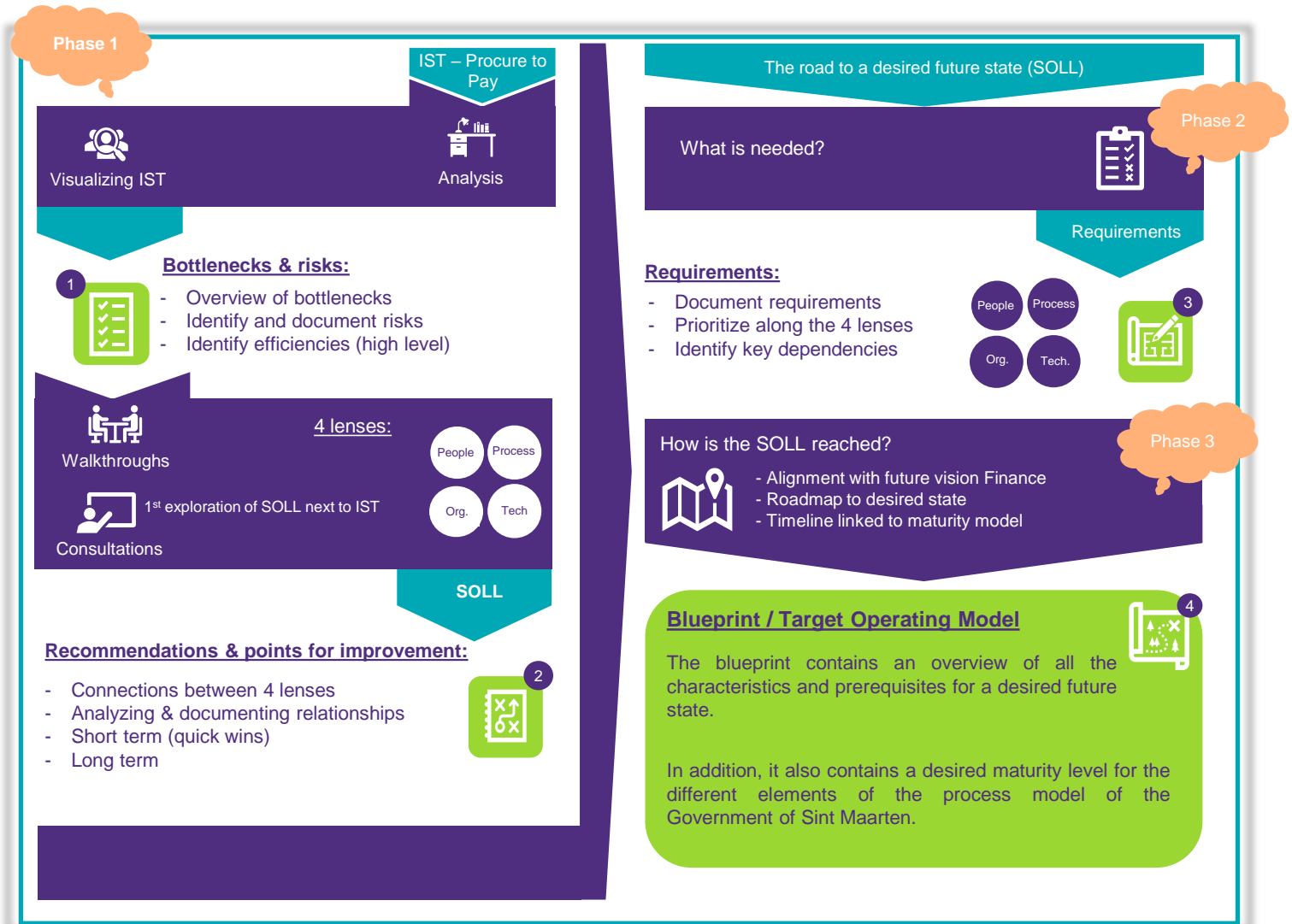
2.1 Approach

This overview outlines our approach. The engagement phases contain multiple steps that will be taken to go from a current state (IST) to a future state (Blueprint/Target Operating Model).

The two deliverables that have emerged from the activities of phase 1 are essential for creating the way to a SOLL situation. Per process, an overview of the risks and bottlenecks is given along four lenses: 'People', 'Process', 'Organization' and 'Technology' (deliverable 1). This results in recommendations and points for improvement per lens (deliverable 2). These recommendations have been embedded into a roadmap that provides insight into short- and long-term remediation actions.

To reach the desired end state (SOLL), 'requirements' have been formulated. Through the four lenses, insight is gained into the requirements in the short- and long-term, including prioritization. It is crucial to have an overview of the requirements per lens since it is imperative to approach the transition towards the desired future state comprehensively (deliverable 3).

Finally, we have designed the Blueprint of the desired future state (deliverable 4) that will direct organizational transition towards a common/shared goal. Such a Blueprint is often referred to as a Target Operating Model; a firm's business vision that aligns operating capacities and strategic objectives and provides an overview of the core business capabilities, internal factors, and external drivers, strategic and operational levers, organizational and functional structure, technology, and information resources of a company. In our approach, this Blueprint has been designed by means of the 4 lenses.

Since your request also called for insights to address maturity-driven improvement efforts, we have adopted a maturity model from Gartner for Business Process Improvement. This is an internationally renowned framework that is used to assess the level of business process maturity and guides continuous improvement alongside different maturity levels.

Phase 1

IST – Procure to Pay

Visualizing IST

Analysis

Bottlenecks & risks:
- Overview of bottlenecks
- Identify and document risks
- Identify efficiencies (high level)

Walkthroughs

4 lenses:

People · Process · Org. · Tech

1st exploration of SOLL next to IST

Consultations

SOLL

Recommendations & points for improvement:
- Connections between 4 lenses
- Analyzing & documenting relationships
- Short term (quick wins)
- Long term

The road to a desired future state (SOLL)

Phase 2

What is needed?

Requirements

Requirements:
- Document requirements
- Prioritize along the 4 lenses
- Identify key dependencies

People · Process · Org. · Tech.

Phase 3

How is the SOLL reached?
- Alignment with future vision Finance
- Roadmap to desired state
- Timeline linked to maturity model

Blueprint / Target Operating Model

The blueprint contains an overview of all the characteristics and prerequisites for a desired future state.

In addition, it also contains a desired maturity level for the different elements of the process model of the Government of Sint Maarten.

2.2 Report Structure

The figure below presents the structure of the report. This structure reflects the approach that is taken to ultimately come to a blueprint and roadmap for the Procure to Pay Process. **Chapter 3** elaborates on the overall observations regarding the IST process and the analysis procedure that is conducted. Subsequently, **Chapter 4** provides a more in-depth view of the specific process. It outlines the IST process (current state), including all the individual findings per process step that are identified during the analysis. Furthermore, this chapter provides an overview of the consolidated bottlenecks and corresponding recommendations through the 4 lenses 'Technology', 'Process', 'Organization', and 'People'. These recommendations outline the roadmap to a proposed SOLL process (desired future state), which is also presented 'in this chapter. Additionally, this chapter outlines the functional requirements for the system(s) that are utilized in the SOLL process. Next, **Chapter 5** on process control provides insight into the risk analysis, which contains an overview of identified risks (categorized under operational risks and audit risks) and potential controls to mitigate those risks. In addition, this chapter presents concrete recommendations regarding the implementation and use of a process control framework. Finally, **Chapter 6** provides the overall conclusion and elaborates on the future state of the Procure to Pay Process, including a Blueprint that reflects a consolidated overview of all the characteristics and prerequisites for the desired future state that is based on the 4 lenses.
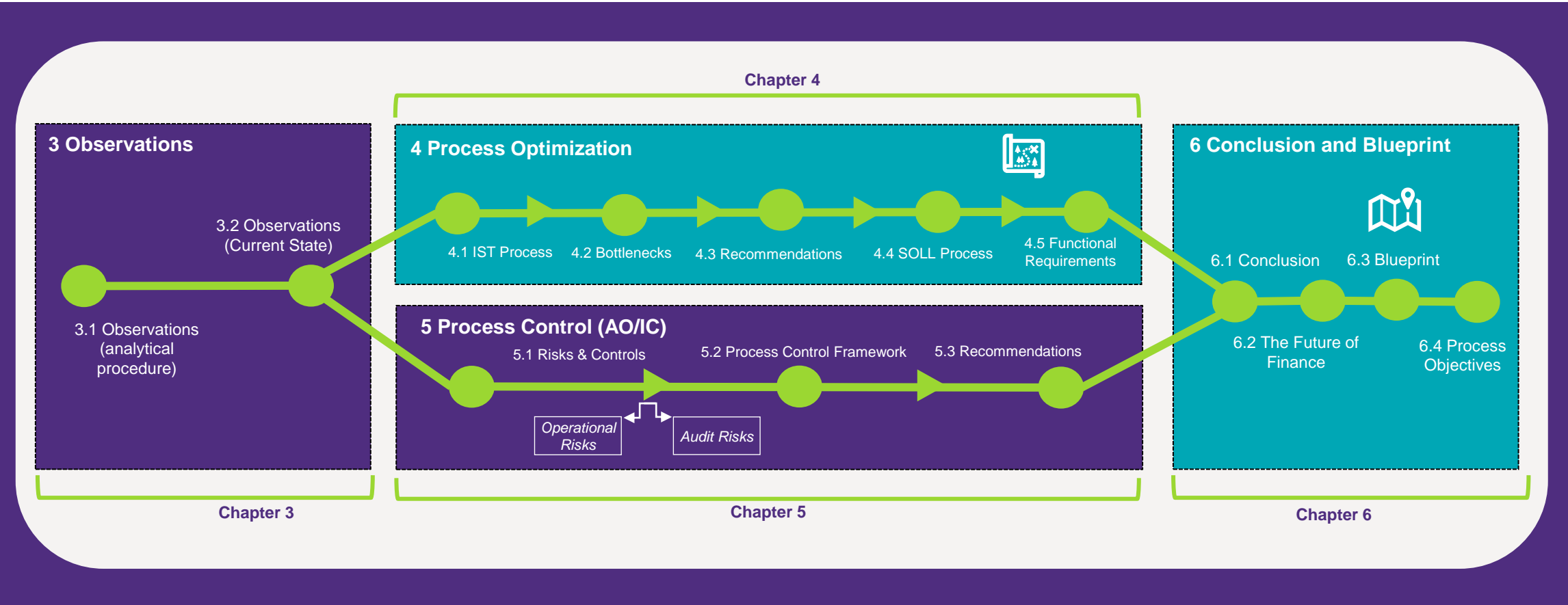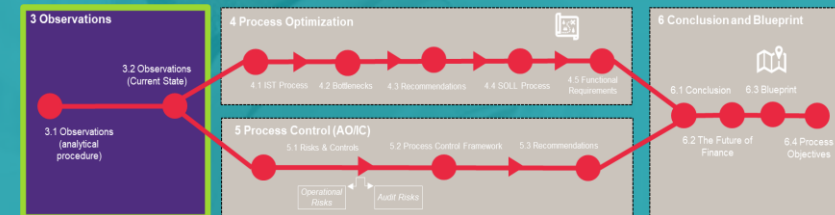
Observations

03

Observations

This chapter elaborates on the observations regarding the current state of the Procure to Pay Process that are made during the analysis. It provides insights into the analysis procedure and presents an overall observation on the current state, functioning as the basis for the subsequent chapters.

3.1 Observations – the Analysis Procedure

The overall observations that will be outlined on the following page are derived from a comprehensive assessment of the Procure to Pay Process. This assessment approach is used for the analysis of the three financial processes in scope for this project (i.e., Payroll, Procure to Pay, and Order to Cash). Regarding the Procure to Pay Process, the process objectives are used as a point of departure for the analysis. These process objectives, as outlined in the IST process, are presented in the figure below. The systematic approach taken towards the analysis started with the process objectives and consists of the following procedures.

Initially, the current state of the Procure to Pay Process is analyzed using the IST process description provided to us. This IST process description provides an overview of the current Procure to Pay Process including the core activities in a subsequent order, division of responsibilities, and implemented tools (i.e., systems and documents). Just as with the analysis of the Payroll Process, before proceeding with the in-depth analysis, a thorough review was performed on these Procure to Pay Process documents. This review is intended to gain an overall view and understanding of the process, resulting in high-level questions, remarks, and observations. Thereafter, a breakdown of the process is done where all individual process steps are analyzed, and observations and remarks are documented. This is where detailed observations are made, bottlenecks and potential risks are identified.

Besides the analysis of the IST process descriptions, multiple walkthroughs with the financial administration, the receiver's office, and the controllers of the Ministry of Finance and the Ministry of General Affairs were conducted to gain a more in-depth understanding of the identified risks and bottlenecks in the process. Consequently, the bottlenecks are translated in recommendations. These are subsequently consolidated into an overall recommendation.

Hence, the process is portrayed according to the above-described analysis procedure. This procedure is replicated for the analysis of the Payroll and Order to Cash processes, which are presented in a separate report.

Objectives Procure to Pay Process (IST)

1	2	3	4	5
Processing of request for Products/Services	Registration of the approved Product/Services in the Financial Administration	Receipt of the Product/Service	Timely Payment of Product/Services	Registration of payment of the requested products and services in the Financial Administration

3.2 Observations – the Current State

Current State of the Procure to Pay Process
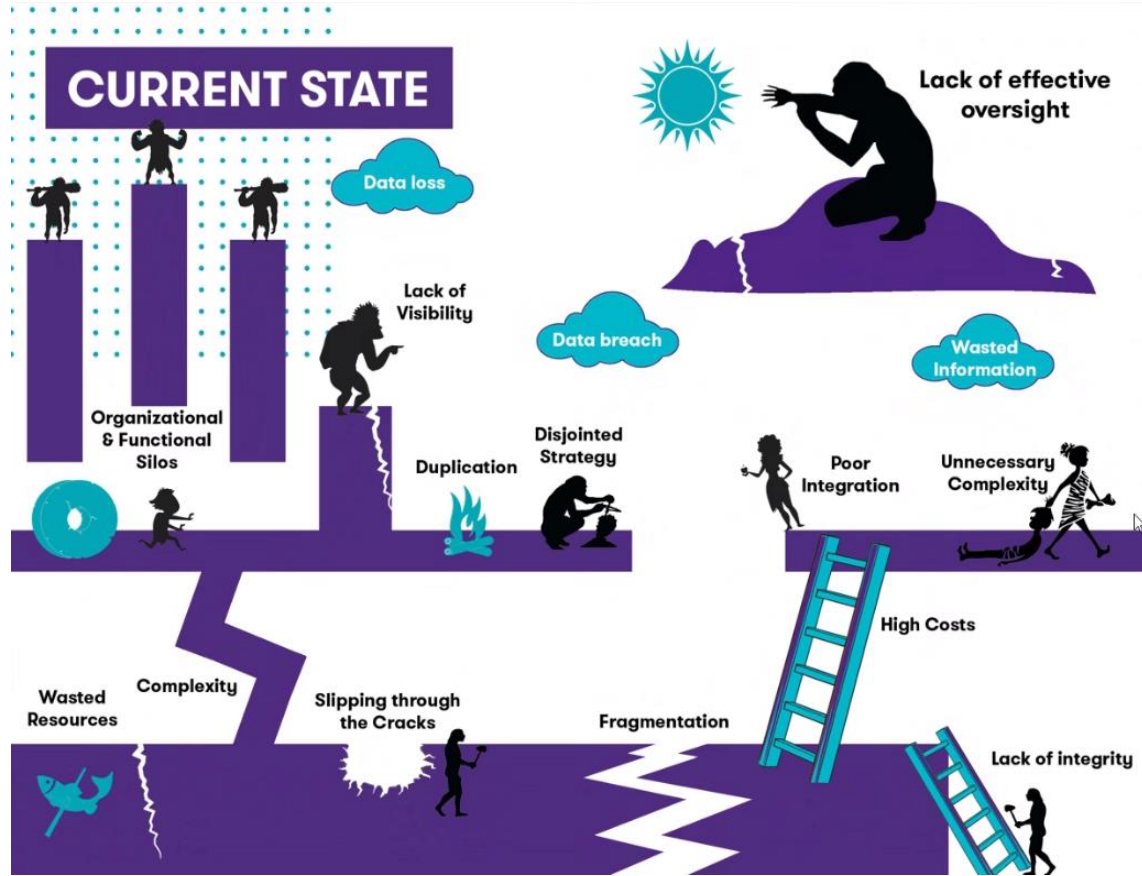
Our current state analysis results in an overall observation overarching the bottlenecks and risks that are discussed in the following chapters. The overall observation is depicted in the figure on the left side, which reflects the current state of the Procure to Pay Process.

Our primary observation when reviewing the IST process was that the process steps were described in detail and adequately plotted to illustrate the current situation. The level of detail was predominantly provided in the activity tables and the flow charts that represented the various stages of the Procure to Pay Process.

However, when conducting a more thorough analysis on the actual content of the documentation, the overall observation is that the current Procure to Pay Process is not properly designed to carry the main elements of a Procure to Pay process (i.e., purchase request, advice, reservation/purchase order, invoicing, and payment). More specifically, there are no underlying policies and procedures in place, there is a fragmented IT-landscape, and there is no proper allocation of roles and responsibilities. This calls for extensive process optimization. In addition, there is no insight into potential risks and monitoring mechanisms to mitigate such risks. This requires insight into how process control can be applied to the Procure to Pay process.

Proper process objectives that are measurable and specific are a critical foundation of a process. When evaluating the current objectives of the Procure to Pay Process, our observation is that these are not comprehensive enough to provide a solid foundation to the process. Hence, these should be reformulated to underpin a well-functioning desired future state Procure to Pay Process.

As such, the Procure to Pay Process demonstrates a low maturity level and is therefore not able to contribute to effective financial management. As depicted in the figure, several issues emerge in the current state such as fragmentation in the process, a lack of integration in the IT-landscape, unnecessary complexity due to the governmental organization structure, a lack of effective oversight, and improper utilization of resources. Hence, the current state of the Procure to Pay Process complicates proper financial management and a clear view of the financial situation of the government.

The following chapters elaborate more in-depth on the bottlenecks and risks that result from the deficient current state of the Procure to Pay Process. This also includes a thorough evaluation of the maturity level in which the current state of the process is situated. Consequently, several recommendations are formulated that mitigate the bottlenecks and risks.

Process Optimization: From IST to SOLL

04

Process Optimization

This chapter aims to provide a bridge between the IST and SOLL situation of the Procure to Pay process. It outlines the IST process (current state) and provides an overview of the consolidated bottlenecks and corresponding recommendations through the 4 lenses, which lay down a path to the proposed SOLL process (desired future state), which is also presented in this chapter.
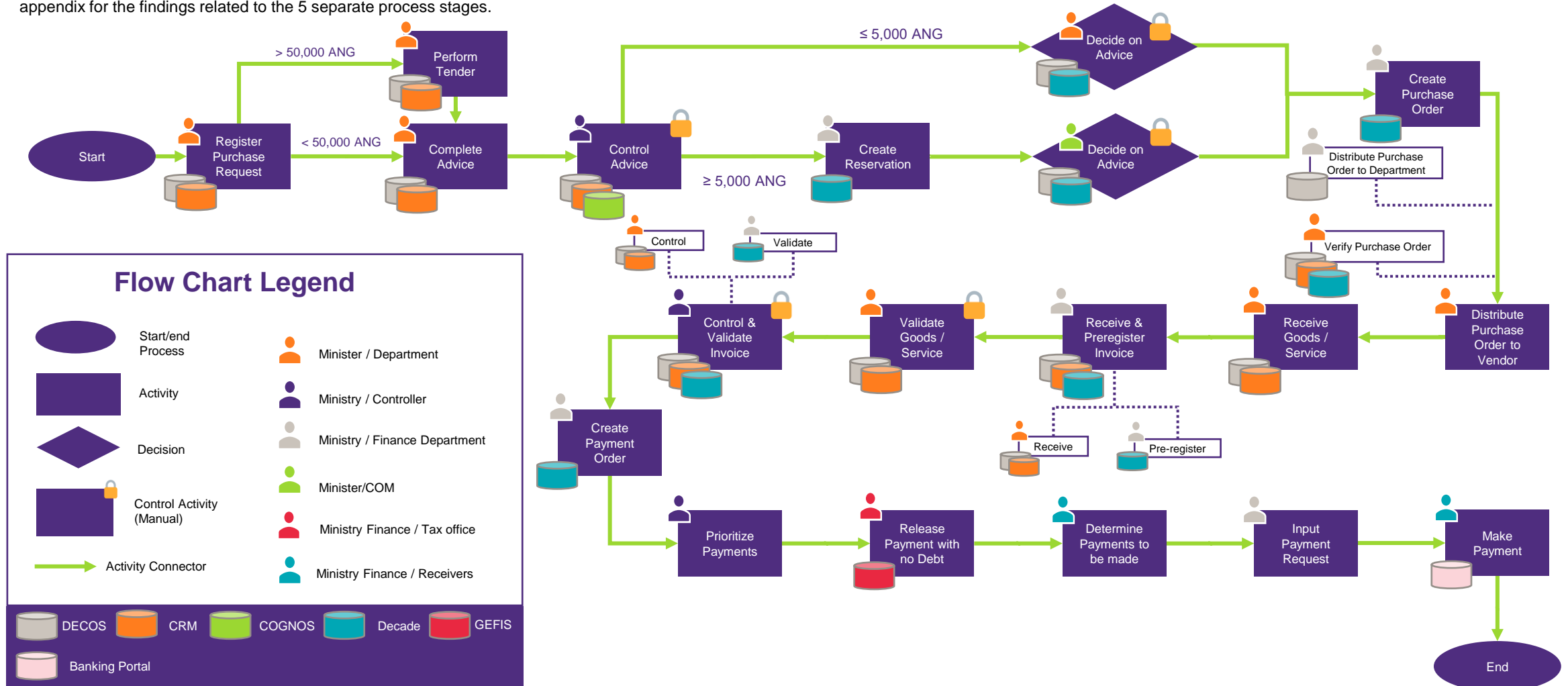
Hence, this part of our analysis provides insights into effectiveness and efficiency of the design and implementation of the process.

Although the objective of the analysis is to improve process control, provide insight and oversight, given the larger context of reform, overall Business Process Redesign also provides opportunity to rethink/optimize certain functional aspects of the financial processes in scope.
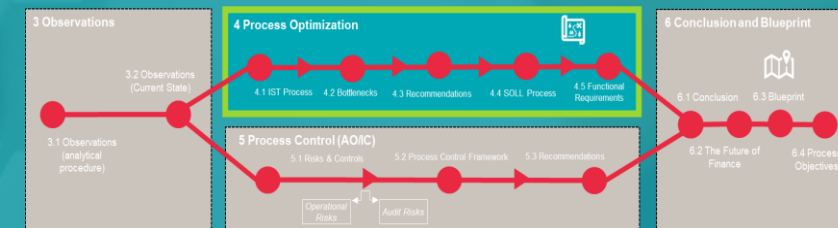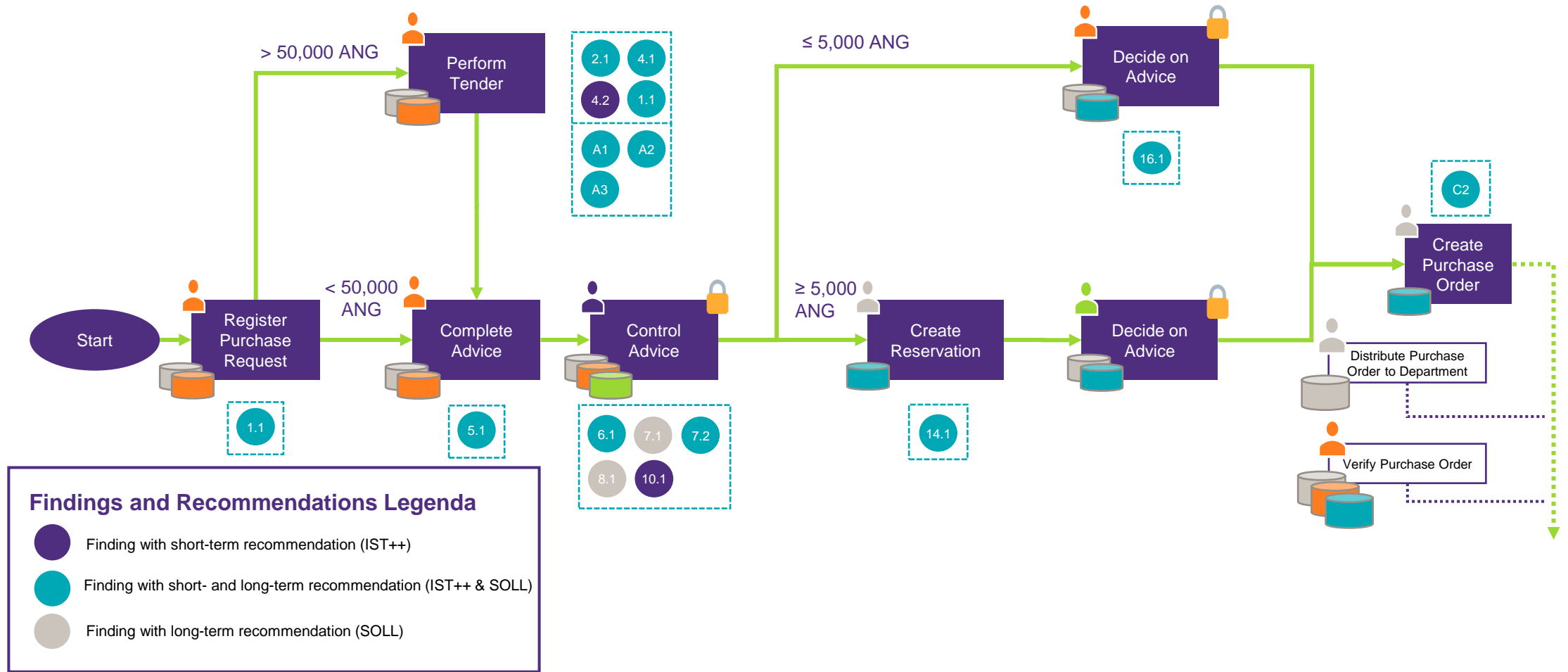
4.1 IST Process - Overview

The figure below presents a flow chart of the current Procure to Pay process (IST). Additionally, a legend for the flow chart is presented on this page, which includes among others an overview of the person/department that is responsible for a specific process step. Note that the Procure to Pay Process exists of 5 main process stages (i.e., purchase request, advice, reservation/purchase order, invoice, and payment) that contain more detailed 37 process steps. For the purpose of this report, the IST process as depicted in the figure below presents the end-to-end process on a higher level. Reference is made to the appendix for the findings related to the 5 separate process stages.

Flow Chart Legend:
- Start/end Process
- Activity
- Decision
- Control Activity (Manual)
- Activity Connector
- Minister / Department
- Ministry / Controller
- Ministry / Finance Department
- Minister/COM
- Ministry Finance / Tax office
- Ministry Finance / Receivers
- DECOS
- CRM
- COGNOS
- Decade
- GEFIS
- Banking Portal

4.1.1 IST Process (1/2) – Findings Purchase Request to Reservation/Purchase Order

The figure below presents the first part of the process flow chart, which includes steps related to Purchase Request to Reservation/Purchase Order. In this figure, the findings with recommendations, as formulated and presented in the appendix, are linked to the concerning process step. Each bullet that contains a unique number (e.g., 1.1) reflects an individual finding. A table that consists of all the individual findings with corresponding recommendations is presented in the appendix. For clarification, a legenda of the structure of findings and recommendations is shown on the bottom of the page.

Findings and Recommendations Legenda

- ⬤ (purple) Finding with short-term recommendation (IST++)
- ⬤ (teal) Finding with short- and long-term recommendation (IST++ & SOLL)
- ⬤ (grey) Finding with long-term recommendation (SOLL)

4.1.2 IST Process (2/2) – Findings of Invoice to Payment

The figure below presents the second part of the process flow chart, which includes steps related to Invoice and Payment. As stated earlier, in this figure, the findings with recommendations, as formulated and presented in the appendix, are linked to the concerning process step. Each bullet that contains a unique number (e.g., 1.1) reflects an individual finding. A table that consists of all the individual findings with corresponding recommendations is presented in the appendix. For clarification, a legend of the structure of findings and recommendations can be found on the previous page.
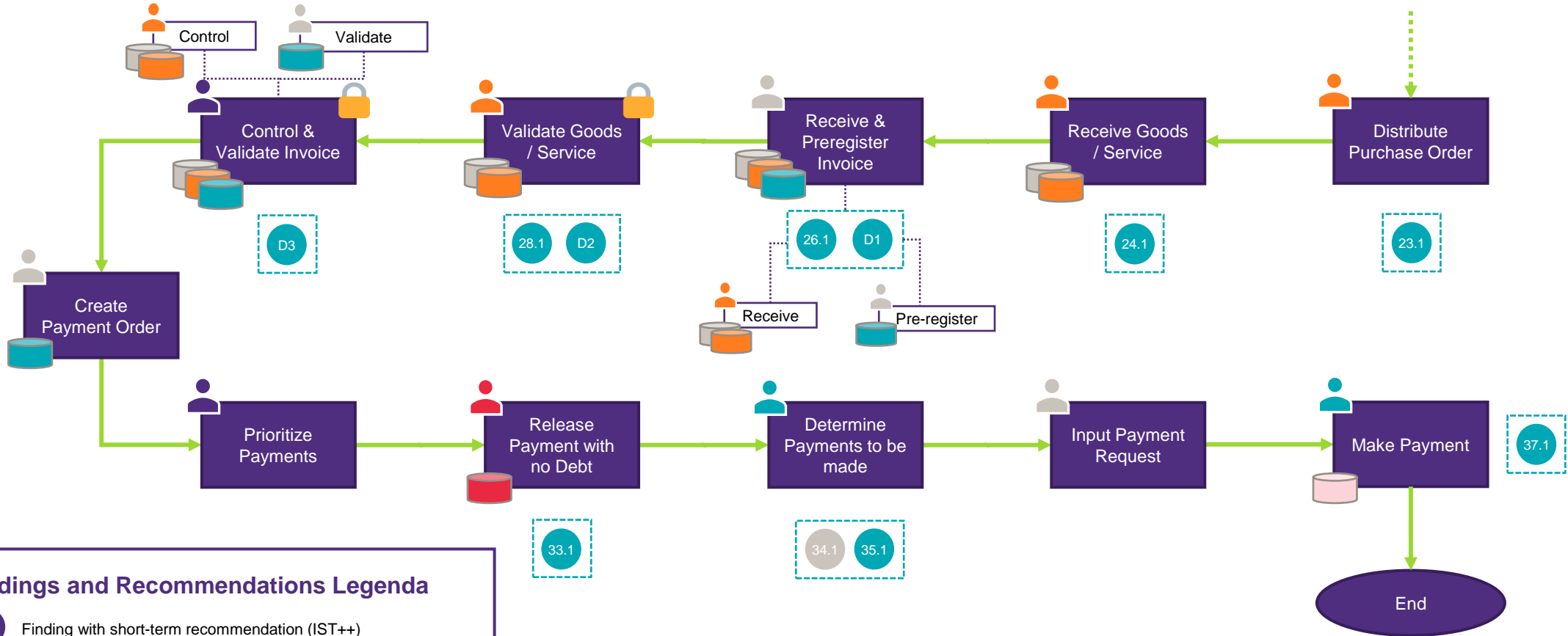
4.2 Bottlenecks - Consolidated

Based on observations, which are part of the current state analysis, information received from stakeholders was analyzed. As previously mentioned, this includes the IST-documentation and according process flows. For this, interviews were held with key stakeholders involved in the process. The analysis of the provided information resulted in a comprehensive overview of bottlenecks. Consequently, all identified bottlenecks were projected against the four lenses 'People, Process, Technology, and Organization' in order to establish key recommendations. All bottlenecks and risks that are identified during the current state analysis are presented in the appendix per process step. These findings are outlined on the process step level and include a corresponding recommendation, which is either a short-term recommendation (IST++) or a long-term recommendation (SOLL). Whereas the overall recommendations are presented on the following page, the short-term recommendations are presented separately in paragraphs 4.3.1 and 4.3.2. The table below presents the bottlenecks in the Procure to Pay along the lines of the 4 lenses.

Process

No comprehensive policies and procedures | There are no comprehensive policies and procedures in place to carry the process, such as policies related to a delivery terms policy, general terms and conditions, and an accounts payable policy. For instance, the absence of an accounts payable policy causes several issues related to settlements on outstanding receivables (e.g., no notification on settlements to vendors). Furthermore, there is no policy on the prioritization of payments. These are currently prioritized by the Ministry of Finance without having a formalized policy that provides guidelines for the prioritization.

No process lead times according to policy | There is no process lead times described in accordance with policies, leading to lengthy, confusing, time-consuming, and tedious process outcomes. As a result, a purchase request goes in twice, or by the time there is approval, the vendor may not want to deliver anymore.

No reliable business information | There is no formal and extensive process description that supports the Procure to Pay flow in providing real-time information on the status of the process. The actors that carry the process have no reliable business information available which makes it difficult for department heads to gain insight into their own budget and monitor budget vs. actuals. There is no real-time overview of the status of the process available that can be extracted from an integrated system to steer the process.

Checks | After approval, there is insufficient evidence of solid checks and/or controls on correctness, completeness, and timeliness of critical points (e.g., orders, deliveries, payments). For instance, there are no extensive checks on the goods and services received/delivered before payment, especially for long-term contracts.

Technology

Various IT systems | There is no integrated IT-landscape that supports the end-to-end Procure to Pay process. Several systems and tools are used by different departments within the process, which includes a CRM, COGNOS, DECOS, DECADE and GEFIS. Currently, there is little integration between these systems, with the consequence that there is no structure in the flow of information and availability of reliable business information, as referred to in the process bottlenecks. As such, data is inaccurate or incomplete, leading a lack of insight in the purchased products and their status. This also brings inefficiencies within the process that results in longer lead times. There is also no clear document flow

Organization

Distinctiveness of governmental organization structure | The distinctiveness of the governmental organization structure increases the complexity of the Procure to Pay Process. A regular Procure to Pay Process is designed based on simplicity. However, several organizational aspects that are unique for a governmental institution, including the requirement of an advice and the presence of many decision-making bodies on multiple levels, make it difficult to carry out a simple and efficient Procure to Pay Process.

Roles and responsibilities | There is unclarity around the roles and responsibilities throughout the several steps within the Procure to Pay Process. There is no clear structure for the segregation of duties (organization structures with process owners, underlying work instructions etc.). Not having clarity about key actions in the process potentially leads to miscommunications, bypassing of the process, and longer lead times due to interdependencies.

Lack of communication | There is a lack of communication between the various actors and departments that carry out the process. For instance, there is no communication between the requesting ministry and the Finance department and/or Receiver. As such, the requesting party is unaware of the status of the request/payment. No formal communication structures are present, leading to an in-ward focus on process activities, miscommunications, and bypassing of departments.

People

Resourcing | Looking at the complexity and tediousness of the current process, there is an overall shortage of human resources within the process chain. As a result, several controls that are present in the end-to-end process are not or barely performed. This may lead to errors and deviations between order, delivery, and payment (i.e., no three-way match).
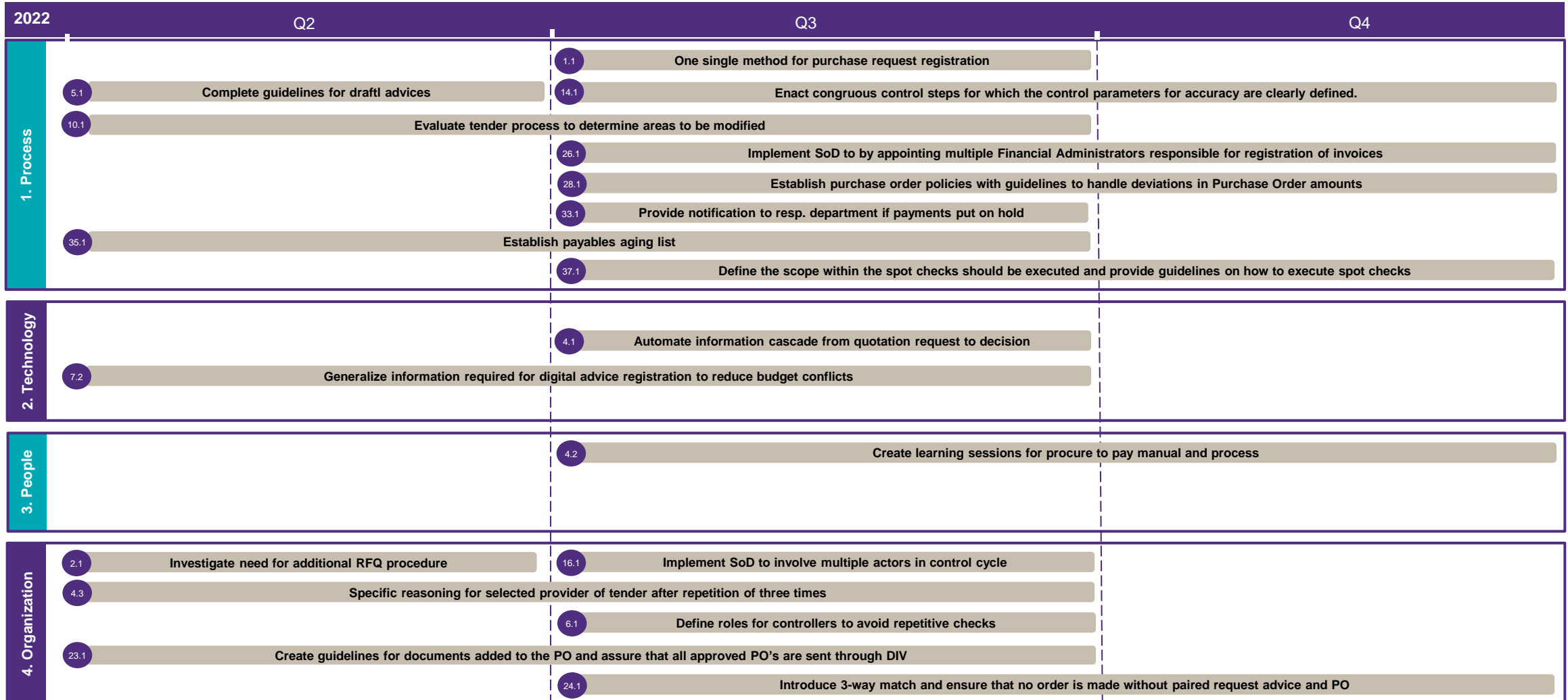
4.3 Recommendations - Consolidated

Based upon our analysis, improvements are possible and necessary for multiple aspects and stages of the Procure to Pay Process. This chapter outlines the consolidated recommendations. Additionally, the following page presents the short-term recommendations, which are extracted from all the recommendations in the appendix. Based on the detailed recommendations per process step that are provided in the appendix, we recommend the Government of Sint Maarten to rethink, redefine and redesign the financial processes across the organization. This becomes particularly relevant for the end-to-end Procure to Pay Process in comparison to the Payroll Process, because multiple Ministries are involved, which adds to the complexity. Designing a process model for the 'Future of Finance' that contains all relevant financial processes and is executed diligently by all involved actors and for which process chain responsibility is assigned, agreed upon, and acted on. Especially the latter is a fundamental change, for some perhaps a paradigm shift, which transforms the operating model of the Government of Sint Maarten from a functionally oriented way-of-working towards a tilted 'horizontal' modus operandi with a focus on processes instead of functional entities (Ministries and/or departments).

Process

Create comprehensive policies | Create comprehensive policies and procedures that drive the Procure to Pay Process end-to-end. This should include general terms and conditions, a procurement policy, accounts payable policy, a creditor policy, and a treasury policy. Such policies will mitigate current issues related to settlements, payments to creditors, and the prioritization hereof, purchase order, and delivery. Moreover, adequate and comprehensive policies help to ensure that the entire process is carried out in an appropriate and consistent manner.

Determine concrete lead times and checks aligned with the policies | Lead times between the various stages of the process should be determined and aligned with policies that support the process. This will make the Procure to Pay Process more efficient and less tedious. In addition, concrete lead times will provide clarity about the specific duties that should be performed within a specific timeframe, which increases the correctness, completeness, and timeliness of the process, and thus the overall reliability.

Ensure reliable business information | Ensure that there is a formal and extensive process description in place that contributes to the availability of reliable and real-time business information. In this way, departments and ministries are better able to have insight into and utilize their own budgets on monitor based on budget versus actual.

Technology

One integrated IT system | | Determine the specific need for systems and tools to support the end-to-end process based on the new (re)designed process. This can be either expansion of the use of current systems or a completely new system. Such an integrated system will facilitate a smooth Procure to Pay process in which data and business information are reliable. Moreover, an integrated system provides better insight to all process actors on the status of the purchased products and/or services. This system should be implemented based on the designed SOLL process.

Organization

Improve organizational structure | The organizational structure of the Procure to Pay Process should be improved for adequate process execution. As presented in the SOLL process, several improvements can be implemented to simplify the process and make it more efficient regardless of the complexity and distinctiveness of a governmental organization structure. For instance, advice can be provided before the registration of a purchase order, making it less difficult to realize an order.

Define roles and responsibilities | Define clear roles and responsibilities, including comprehensive work instructions, such that duties are properly distributed to carry out the process. These roles and responsibilities should be aligned with the redesigned Procure to Pay process and must consider a functioning way of work. This will avoid unclarity about key actions, miscommunications, bypassing of the process, and long lead times.

Create fixed communication structures | Establish fixed communication structures between the actors, departments, and ministries that execute the Procure to Pay Process. Fixed communication structures will enable a more reliable and efficient implementation of the process and contributes to a process that is broadly facilitated by all the involved parties.

People

Ensure proper human resources | Ensure that proper human resources are present to execute the process, both in quantity and quality. Human resources should be utilized for the newly defined roles and responsibilities across the redesigned end-to-end process. Proper utilization is established by clear descriptions of new duties within, and responsibilities across, the entire process and a formalization of these within the organization. In addition, training should be provided around the new way of work (incl. policies and procedures) according to the (re)design and restructuring of the process. As such, skilled and knowledgeable people are required for each individual step of Procure to Pay Process. In particular, all control activities should be executed in an appropriate manner to ensure alignment between the order, purchase, and payment, which is currently not the case.
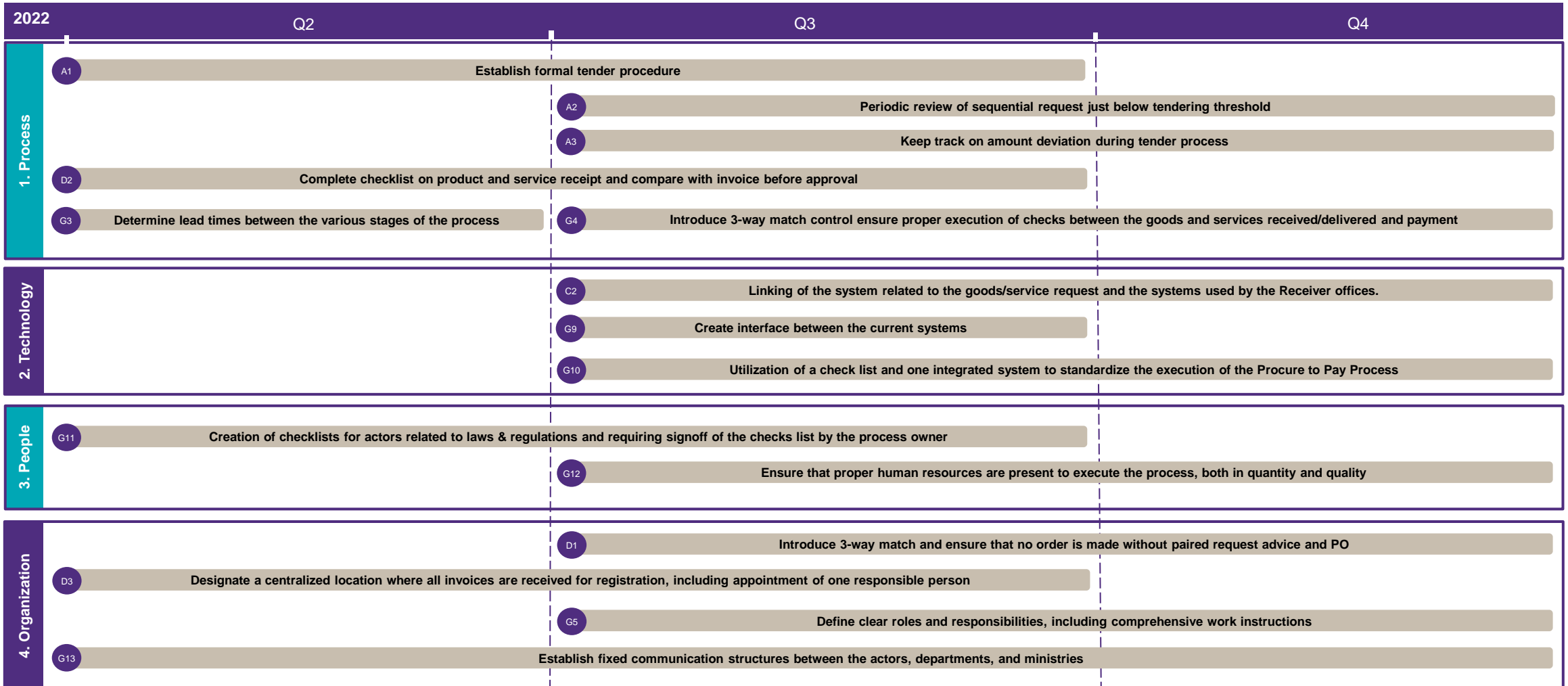
4.3.1 Short-Term Recommendations – Process Step Level

The figure below presents the short-term recommendations (IST++) that are linked to the findings as presented in the appendix on *process step level (Step 1 – 37)*. These short-term recommendations are presented on a timeline and structured according to the four lenses. These IST++ recommendations are quick wins that will improve the Procure to Pay Process on a process step level in its current state, rather than transforming the process into a desired future state. Therefore, the short-term recommendations are plotted on a timeline. Conversely, a SOLL Process is drawn, which is presented in paragraph 4.4.

| 2022	Q2	Q3	Q4
1. Process		1.1 One single method for purchase request registration	
	5.1 Complete guidelines for draftl advices	14.1 Enact congruous control steps for which the control parameters for accuracy are clearly defined.	
	10.1 Evaluate tender process to determine areas to be modified		
		26.1 Implement SoD to by appointing multiple Financial Administrators responsible for registration of invoices	
		28.1 Establish purchase order policies with guidelines to handle deviations in Purchase Order amounts	
		33.1 Provide notification to resp. department if payments put on hold	
	35.1 Establish payables aging list		
		37.1 Define the scope within the spot checks should be executed and provide guidelines on how to execute spot checks	
2. Technology		4.1 Automate information cascade from quotation request to decision	
	7.2 Generalize information required for digital advice registration to reduce budget conflicts		
3. People		4.2 Create learning sessions for procure to pay manual and process	
4. Organization	2.1 Investigate need for additional RFQ procedure	16.1 Implement SoD to involve multiple actors in control cycle	
	4.3 Specific reasoning for selected provider of tender after repetition of three times		
		6.1 Define roles for controllers to avoid repetitive checks	
	23.1 Create guidelines for documents added to the PO and assure that all approved PO's are sent through DIV		
		24.1 Introduce 3-way match and ensure that no order is made without paired request advice and PO	

4.3.2 Short-Term Recommendations – General Findings

The figure below presents the short term recommendations (IST++) that are linked to the *general findings and the findings overarching the process stages* (i.e., purchase request, advice, reservation/purchase order, invoice, payment). as presented in the appendix. These short-term recommendations are presented on a timeline and structured according to the four lenses. These IST++ recommendations are quick wins that will improve the Procure to Pay process on a process step level in its current state, rather than transforming the process into a desired future state. Therefore, the short-therm recommendations are plotted on a timeline instead of drawn into an IST++ process. Conversely, a SOLL process is drawn, which is presented in paragraph 4.4.

2022	Q2	Q3	Q4

1. Process

- A1 — Establish formal tender procedure
- A2 — Periodic review of sequential request just below tendering threshold
- A3 — Keep track on amount deviation during tender process
- D2 — Complete checklist on product and service receipt and compare with invoice before approval
- G3 — Determine lead times between the various stages of the process
- G4 — Introduce 3-way match control ensure proper execution of checks between the goods and services received/delivered and payment

2. Technology

- C2 — Linking of the system related to the goods/service request and the systems used by the Receiver offices.
- G9 — Create interface between the current systems
- G10 — Utilization of a check list and one integrated system to standardize the execution of the Procure to Pay Process

3. People

- G11 — Creation of checklists for actors related to laws & regulations and requiring signoff of the checks list by the process owner
- G12 — Ensure that proper human resources are present to execute the process, both in quantity and quality

4. Organization

- D1 — Introduce 3-way match and ensure that no order is made without paired request advice and PO
- D3 — Designate a centralized location where all invoices are received for registration, including appointment of one responsible person
- G5 — Define clear roles and responsibilities, including comprehensive work instructions
- G13 — Establish fixed communication structures between the actors, departments, and ministries

4.4 SOLL Process - Overview

The SOLL design of the Procure to Pay process is presented in the figure below and is based on the bottlenecks and recommendations that are outlined on the previous pages and the appendix. This SOLL process reflects the desired future state of the Procure to Pay process, which is the final destination of the road towards a new Procure to Pay process. It should be noted that this process is built on several fundamental changes, such as the deployment of one integrated system (System X) and the relocation of prominent process steps such as the advice and the creation of a reservation. All the fundamental changes required for the SOLL process are presented on page 22. Functional requirements for such a system are presented on page 23. An extensive description of the SOLL process is provided on the following page.
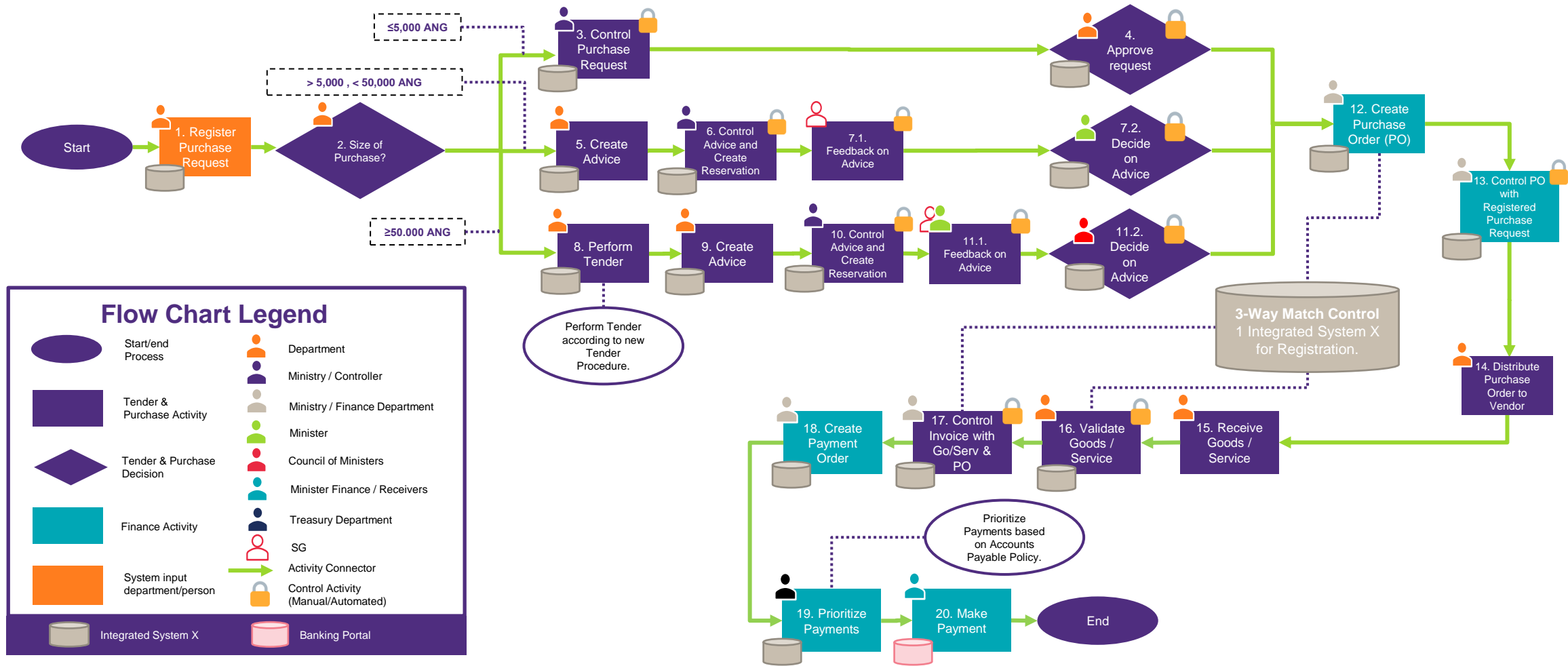
4.4.1 SOLL Process – Process Description

The SOLL process as outlined on the previous page includes multiple individual steps that together form the entire Procure to Pay Process in a desired future state. In this SOLL position, the process should be carried out as follows. **(Step 1)** First, the purchase request is registered, which occurs in System X. The amount of the purchase request initiates the following process steps, with a distinction between purchase requests up to 5.000 ANG, up to 50.000 ANG, and above 50.000 ANG **(Step 2).**

If the amount is below 5.000 ANG, the process can be continued by the respective ministry. In this case, the purchase request is checked by the controller of the respective ministry **(Step 3).** Thereafter, the department approves the purchase request **(Step 4)** after which a purchase order can be created by the Finance department. These steps do all occur within one integrated system, or System X. In the IST situation, these purchase requests followed the same process of advice as all other types of purchase requests.

In case the amount of the purchase request is above 5.000 ANG, a different process is followed, divided in two options. When a purchase request is between 5.000 ANG and 50.000 ANG, an advice is created by the department **(Step 5)**. This advice is subsequently checked by the Ministerial Controller, who directly creates a reservation for the purchase request **(Step 6)**. Thereafter, the Secretary General provides feedback on the advice **(Step 7.1)**, and the respective Minister decides on the advice **(Step 7.2)**.

In case the purchase request is higher than 50.000 ANG, a tender will be performed by the respective department **(Step 8)**. This tender should be performed according to a comprehensive tender procedure, which is not in place in the current situation. As such, a new tender procedure should be established that is government-tailored and aligned with the relevant laws and regulations. After the tender procedure, the same process as with the purchase requests between 5.000 ANG and 50.000 ANG is followed, whereby an advice is created by the respective department **(Step 9)**, which is subsequently checked by the Ministerial Controller, who directly creates a reservation for the purchase request **(Step 10)**. Thereafter, for purchase requests above 50.000 ANG, the Secretary General and the respective Minister provides feedback on the advice **(Step 11.1)**, and the Council of Ministers decides on the advice **(Step 11.2)**.

After the decision on the advice of either the Council of Ministers or the respective Minister, the purchase order can be created by the Finance department. As such, the reservation is here converted into an obligation. At this point, all the purchase orders are created by the Finance department in System X **(Step 12)**. Here, all the above-described process layers merge into a uniform process.

After the creation of the purchase order, the Finance department checks if the purchase order matches the purchase request **(Step 13)**. This step is interposed to ensure the presence of a preventive control before a purchase is made. Thereafter, the purchase order will be distributed by the respective department to the selected vendor **(Step 14)**. Next, the department receives the goods and/or services from the vendor **(Step 15)**. Next, the department checks and validates if the received goods and/or services match the purchase order **(Step 16)**. Subsequently, the Ministerial Controller receives and registers the invoice and executes a control on the invoice **(Step 17)**. This is where the newly introduced three-way match control takes place. This control, including a sign-off, should ensure that there is a match between the purchase order, the received goods and/or services, and the invoice. This will increase the reliability of the process. In addition, it should be noted that step 16 and 17 are reversed compared to the IST process, which ensures that also the efficiency of the process is improved. All these process steps will be executed in System X.

If there is a three-way match, the Finance department will continue the process by creating a payment order **(Step 18)**, which occurs in System X. Next, the Treasury determines which payments should be made by prioritizing the purchase orders **(Step 19)**. This prioritization will be determined based on the liquidity and an accounts payable policy, which should be prepared for that matter. In contrast, the prioritization in the IST process is based on a priority list (e.g., salary, urgent payments etc.). An accounts payable policy prevents inequitable prioritizations and budget utilizations. Rather it relies on an aging prioritization, budgets and the purchase requests. Thereafter, the payment is made to the vendor by the Receiver's office **(Step 20)**. This includes the processing of payments to the vendor, and the verification and approval of the payment in the Banking Portal. Aside from the Banking portal, all these process steps related to the payment are performed within System X. Thereby, steps 18 to 20 will be automated to create an efficient transfer from System X to the Banking portal.

These 20 steps present the desired future state of the Procure to Pay process. The most significant differences compared to the IST process and the fundamental changes/decisions that are required for the SOLL process are outlined on the following page. This SOLL process initiates the formulation of new process objectives, in which timeliness, reliability, and efficiency become increasingly important.
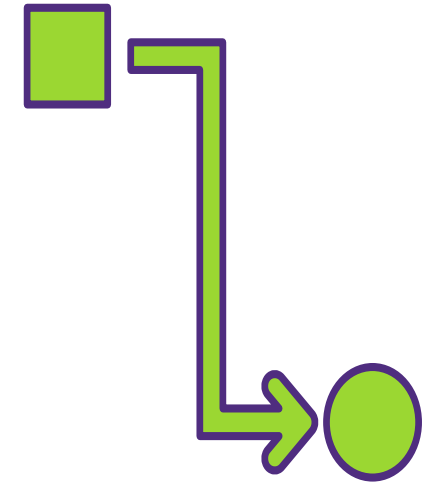
4.4.2 SOLL Process – Fundamental Changes and Main Differences IST Process

This page provides an overview of the required fundamental changes towards the proposed SOLL position in the Procure to Pay process. In addition, the main differences that appear between the current state (IST) and the desired future state (SOLL) of the Procure to Pay process are outlined on the bottom of this page.

Fundamental Changes (what is needed)	As previously stated, the SOLL process includes fundamental changes that require critical decisions to be made before this process can be adequately implemented. These include the following: • **Underlying policies and procedures** need to be prepared and utilized to provide guidance to the end-to-end process. This includes among others general terms and conditions, an accounts payable policy, a procurement policy, a tender procedure, and terms of delivery to government policy. These policies will drive the purchase order process, the payment procedure, including prioritization, and the tender process. • A **new integrated system** that is used by all the actors needs to be implemented. This will allow the process to be more efficient and less error-prone due to the transparency and transfer of information from different systems. This integrated system (System X) can be used for each process stage, including the purchase order, advice, invoicing, and payment. • A **relocation of process steps and controls** should be implemented. For instance, a purchase order below 5.000 ANG can be made without an advice. In contrast, a purchase order above 5.000 ANG requires an advice process with multiple controls by which a decision on advice is made by either the respective Minister (below 50.000 ANG) or the Council of Ministers (above 50.000 ANG). • A **comprehensive self-contained tender process** should be implemented. A separate and government-tailored tender procedure that is aligned with the relevant laws and regulations, including the national accountability ordinance, must be documented and followed. It should be noted that an important prerequisite here is that Article 47 of the national accountability ordinance is expanded, such that it includes comprehensive and all-encompassing regulations related to a tender process. Currently, these regulations are relatively abstract. • The **creation of a reservation is required** for all purchase orders above 5.000 ANG. Currently, the reservation is not consistently created for all purchase orders. However, the reservation should be the impetus for a decision by either the respective Minister or the Council of Ministers related to the advice. After the decision, the reservation becomes an obligation by creating a definitive purchase order. It should be noted that the purchase request, reservation and purchase order should match to ensure control on these critical aspects.
Main Differences IST Process	These fundamental changes allow a more efficient and reliable Procure to Pay process. This SOLL process, as outlined on the previous pages, contains a few significant differences with the process as it is currently carried out (IST). In summary, the following differences can be observed: • In the SOLL situation, the type of purchase request initiates the process related to the necessity of an advice and reservation. In particular purchase requests _below_ 5.000 ANG can be pursued without an advice and a reservation. In contrast, a purchase order _above_ 5.000 ANG requires an advice process and multiple controls. In addition, another distinction is made between the purchase requests _between_ 5.000 ANG and 50.000 ANG, and the purchase requests _above_ 50.000 ANG. This distinction relates to the necessity of a tender procedure and the decision-making body on the advice (Minster or COM). In the IST process, the process of advice is unnecessarily replicated for all purchase requests, including purchases lower than 5.000 ANG. By making this logical distinction at the beginning, the process becomes more efficient, and controls are only carried out when necessary. • A three-way match between the _purchase order_, the _delivered goods/services_ and the _invoice_ is introduced as a new control in the SOLL situation to improve the reliability of the process. In addition, the validation of goods/services is reversed with the invoice control to make this process stage more efficient. • Several new policies will drive the Procure to Pay Process in the SOLL situation, making it possible to eliminate some redundant process steps. This relates particularly to the process of payment. For instance, in the SOLL process, all payments will be released without a settlement of outstanding tax debts, which should be collected in a separate process.

4.5 Functional Requirements

Solely looking at systems and tools is not the solution to resolve the identified bottlenecks, but rather a necessary tool that supports the development of a solution. Looking at the provided recommendations, there are some fundamental factors that need to be in place before finalizing comprehensive functional requirements, which implies the need for a solid and implemented administrative organization and internal control cycle (AO-IC). This needs to be supported by not only having all elements of an organizational structure in place, including roles and responsibilities, but also by having implemented and formalized policies, procedures, and work instructions. The implementation of an IT system or platform to support this process is potentially one of the most critical parts of improving financial management in government. It should thereby be noted that such a system is only as good as the data in it, the processes that surround it, and the knowledge and skills of the people that will use it.

For this reason, the choice for a comprehensive IT system should be taken after careful consideration of all other required steps and processes within the financial management environment. However, given the identified bottlenecks, some functional requirements can already be formulated by looking at the current state of the Procure to Pay Process. This can be distinguished into functional requirements that relate to a procurement process and workflow/tracking functionality.

The functional requirements mentioned, specifically for a purchase, act as preconditions for selecting an integrated solution that facilitates the various stages of the procure-to-pay process (i.e., purchase request, advice, reservation/purchase order, invoice, payment). Typically, these requirements are used for a fit-gap analysis which assesses the areas in which a planned system or a business process for the organization fits or doesn't fit according to the organizational needs. It basically determines the components that fit into the objectives and gaps that need to be addressed. Before these requirements are used for an actual fit-gap analysis we propose to validate to what extent these requirements are acknowledged by the relevant stakeholders within the Government of Sint Maarten. This counts for the other process domains as well ('Payroll' and 'Order to Cash'), since it is a common understanding that no dispute should exist on the set of requirements that are used for a fit-gap analysis. Therefore, often the first step of a fit-gap project is the final validation and (feasibility) assessment of the business requirements before the fits and gaps are assessed.

| Procure to Pay	Workflow/Tracking
• Ability to have an integrated **Document Management System**, in which one can view all related documents within the Purchasing module (Requisition, PO, Invoice and A/P check)	• Design a **hierarchal structure** for the approval of requests and modifications to the purchasing database by approved/delegated users in various departments.
• Supports **three-way matching** – ability to match items by the following: purchase order, receipts, and supplier invoices	• Provide the ability to **delegate requests** for approval of advices when absent (continuity within the workflow, timeliness and correctness of purchase order)
• Ability to upload and utilize **basic information** and drill down to **supporting documents** within the purchasing system (vendor information, purchase order documentations etc.)	• Ability to support workflow for **procurement approval process** and **tender procedure**
• Ability to **schedule invoices for payment** according to accounts payable policy, aging analysis, and vendor terms etc.	• Ability to keep track on **real-time status** of purchasing processes
• Ability to support encumbrance control for **budgeted funds**	• **Restrict non-vital users/departments** (during predetermined times throughout the process) from, accessing, and/or editing data. Open and close period for purchase processing.
• Supports **reporting** to compare actual vs. expected purchase costs according to available budget	• Maintain and view an **audit trail** of all changes made. Backup information should be available and include: (User IDs, Date, Time, Type of Change, etc.)
• Supports both **purchasing-related data** and **accounts payable-related** data in logically integrated databases and/or interfaced systems.	• Ability to **record and maintain history** of purchases, commodities, and volumes.

Process Control

05

Process Control

This part of our analysis has a focus on the internal control environment within the Government of Sint Maarten, highlighting process control (AO/IC). A comprehensive Risk & Control framework and cycle is presented, in which risks are continuously identified and (re)assessed, a risk response is defined, and controls are designed and tested for effectiveness. This process control framework is tailored towards a SOLL process.
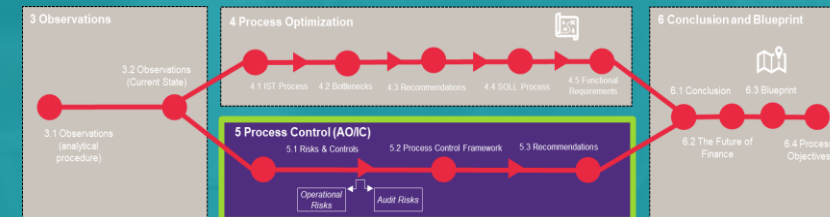
5.1 Risks & Controls

This chapter provides insights into an essential aspect of process performance: 'Process Control', in Dutch typically referred to as 'AO/IC'. In this report, we use the term 'Process Control Framework'. It all starts with the process objectives, vision, and goals of the financial function of the Government of Sint Maarten. How is objective setting realized? What could go wrong along the way and what can be done to prevent and/or detect something that goes wrong? How should such an event be responded to? A comprehensive Risk & Control framework mitigates these questions and forms the basis for sustainable continuous improvement of the risk management practices on a process level.
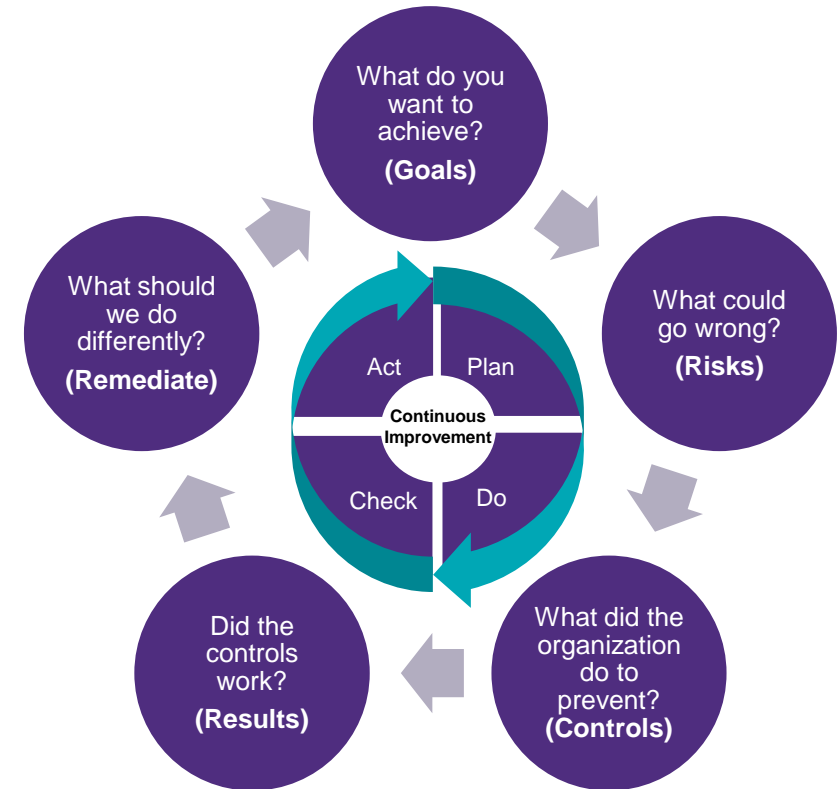
It should be noted that our utilization of a Process Control Framework addresses two risk perspectives: 'Business Risks' and 'Audit Risks'. This serves internal control purposes and ensures that process objectives are met, business/operational risks are managed, the audit risks are identified, and the appropriate controls are designed, implemented, and regularly tested for effectiveness.

Process Control Framework	Risks	Controls
• The Procure to Pay Process does not contain an incorporated Risk & Control cycle to guide process control activities. This is a cycle in which risk identification initiates management of that risk by means of several activities (risk assessment, risk response, control design, control implementation and control testing); • We haven't received relevant overarching policy guidelines that address risk management practices to be used in the Procure to Pay Process; • Typical elements of a Process Control Framework that are viewed upon as prerequisites are not available for the Procure to Pay Process: • Policy/procedural guidance for the way-of-working as part of Process Control (how to deal with risks and controls); • Roles & responsibilities; • Reporting. Achieving organizational objectives, and managing risks to ensure goals are realized, requires such objectives to be set and agreed upon. A common understanding across the Government of Sint Maarten of organizational objectives creates clarity and direction, not in the last place for the risks that are encountered.	In the process description of the Procure to Pay Process, 15 risks are formulated, including elucidations and recommendations. What is lacking, are the different steps in managing risks to the Procure to Pay Process (i.e., risk categorization, risk ownership, risk assessment, risk response). Our analysis shows that the identified risks are not managed as such. This section provides the most relevant risk areas, which consists of three main risks. First, the risk of a mismatch between the purchase order, receipt, and invoice. This risk may lead to payments that are not in line with the purchase order, or a receipt that has a mismatch with the ordered goods/services. Second, the risk of use of incorrect or incomplete information. The lack of proper information flows and supportive systems may lead to the use of unreliable business information throughout the process. Third, risk of improper prioritization of payments. For instance, the absence of a clear accounts payable policy, including an aging lists and prioritization guidelines, may lead to questionable settlements with debts. Overall, these risk observations are also addressed by other stakeholders and recommendations are provided. However, there are no structures in place to mitigate these risks, check the effectiveness, and take remediation actions where needed.	Regarding risk control, the following observations are made: • The Procure to Pay Process does not specifically address the defined controls to ensure a controlled process execution. The identified risks are accompanied with recommendations that could be addressed to mitigate the risk; • Typical characteristics of controls that are currently not part of the Procure to Pay Process are: • Control objective • Nature control (e.g., preventive, detective, and corrective) • Control activity • Control activity frequency • Control owner; • There are no overall controls being performed in the organization. We did not observe any reconciliations between systems; • A pivotal control in a typical Procure to Pay Process, the 3-way match, is currently absent and should be introduced to ensure alignment between the PO, receipt, and invoice. • There is no structured reporting in place that can be used to perform checks or comparisons of data as a control measure. This can be checks based on fixed frequency and key elements within the process.

# 5.2.1 Process Control Framework – Risk Management Approach

An overall conclusion to Process Control in the Procure to Pay Process is that a systematic approach is lacking. This has been addressed previously by other stakeholders as well (e.g., by the General Audit Chamber). With such an omission, it is sheer impossible to succeed in controlled process execution. No insight and oversight into (key) risks and no (stringent) process in place to continuously improve risk management practices are a results of such a deficiency. The figure on this page visualizes how a Process Control Framework is designed to manage risks through a systematic approach in which continuous improvement is a central theme.

Process Control Framework

Our analysis shows that the Procure to Pay Process is designed from a functional perspective, supplemented with risks identified and related recommendations. The current set-up of the process and the absence of a process control framework by which risks are managed, are root causes for multiple deficiencies currently present in the process from a control perspective.

A process control framework is also absent for the other financial processes in scope. This indicates that the execution of the financial processes in the Government of Sint Maarten do not incorporate the basics of Process Control (AO/IC).

Risks

The starting point for a risk management framework is the actual risk identification. However, managing risks is not a static once-a-year exercise. With the current process design that contains risks in a separate chapter, it does not provide for all required components of a risk management approach. Categorizing and assessing risks, defining response strategies, and ownership of risks are important to include.

Distinguishing the different categories supports decision making regarding the risk assessment and response, which is currently not possible. This is also applicable for the difference between business and audit risks, which cannot be distinguished with the current process design. Given the difficulties encountered in the financial statement audits, such insights would be necessary to design effective controls and improve Process Control across the end-to-end process.

Controls

Controls are a "lock on the door" of an effective Process Control Framework. Identifying risks without a disciplined and systematic approach to risk response by designing and implementing controls will not solve the issues at hand for the financial processes. The actual effectiveness of controls is decisive for the functionality of the framework and that the risks under management are/kept mitigated.

Currently, the process does not provide insight into defined (key) controls, how controls are functioning and what this means for the risk levels of the identified risks in the Procure to Pay Process.

Continuous Improvement — Plan / Do / Check / Act

- What do you want to achieve? (Goals)
- What could go wrong? (Risks)
- What did the organization do to prevent? (Controls)
- Did the controls work? (Results)
- What should we do differently? (Remediate)

5.2.2 Process Control Framework - Tool

An appropriate manner to utilize a process control framework that manages risks through a systematic approach, is by using an adequate process and risk management platform. Such a platform enables to assess operational and audit risks that appear throughout the process, identify relevant controls and capture the results of controls tested. An illustration of such a platform is provided in the figure below.
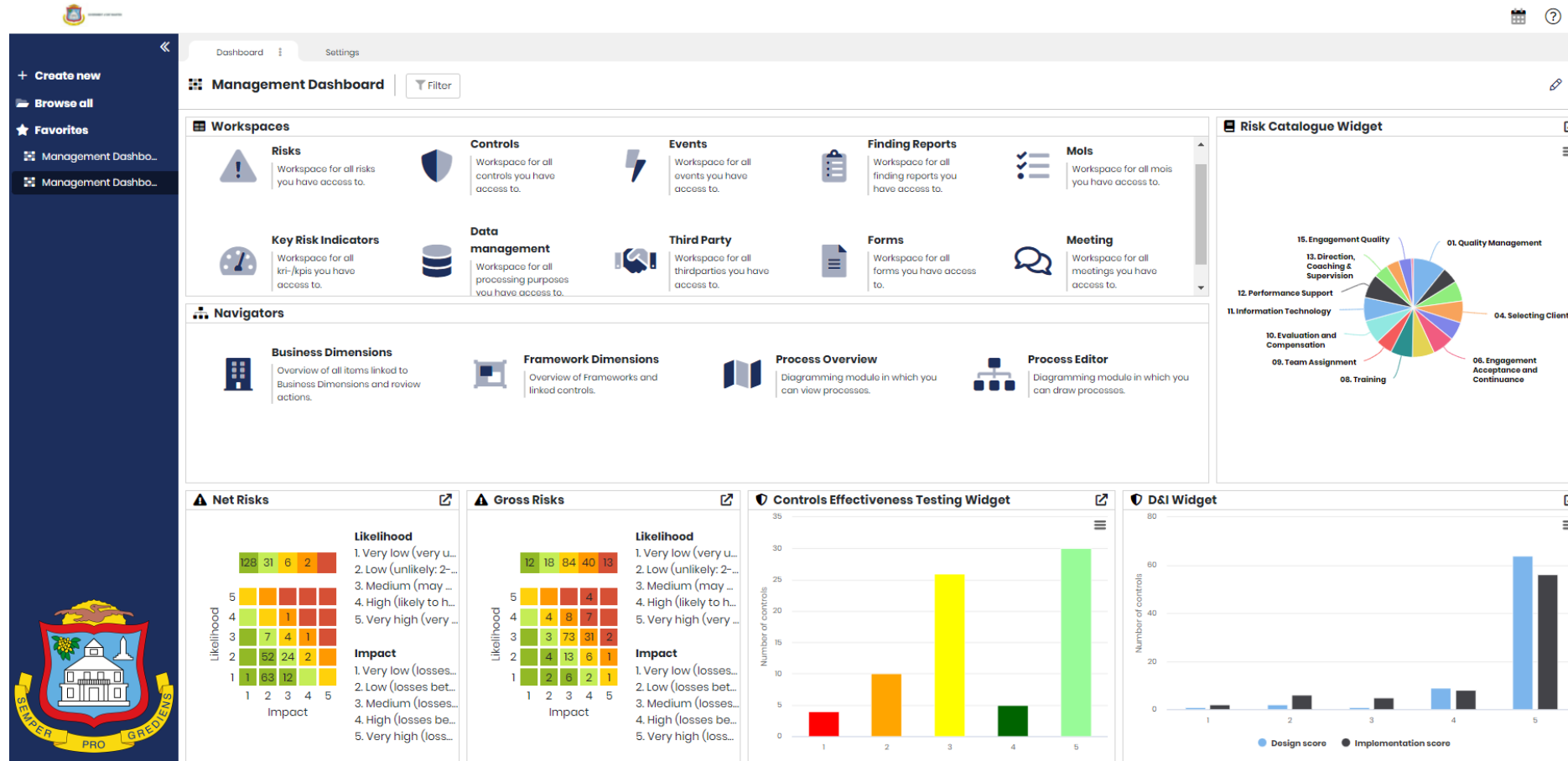
A process and risk management platform enables Ministry of Finance to assess the operational and audit risks related to the Procure to Pay Process, identify relevant controls and capture the results of the controls tested and related findings

5.3 Recommendations

An overall recommendation regarding Process Control is that it should be systematically introduced, designed, and implemented. A functioning Process Control Framework (AO/IC) should be ensured by continuous management, monitoring, and improvement. In addition, with the functional improvements, this will result in an optimized and controlled Procure to Pay Process. This, together with structured month-end closing procedures, will ultimately lead to an improvement in the timeliness, accuracy, and completeness of recording transactions and liabilities. This results in an overall improvement in the reliability of significant Financial Statement Line Items in the financial statements. The current qualifications on completeness and lawfulness ('rechtmatigheid') of the expenses and liabilities in the annual financial statements will be solved when significant improvements in the process and controls will be implemented and further monitored.

Process Control Framework	• We recommend to start with an overall analysis and (re)design of the risk management policies, procedures, and guidelines. The documentation should be determined according to the vision, purpose & goals, and approved in collaboration with relevant stakeholders before moving on to the implementation and changes to processes. • Design and implement a process control framework focused on the mentioned risk and control cycle. • The processes must be derived from the policies, procedures, guidelines or manuals, which have been previously designed and implemented. These policies & guidelines should be periodically revised and approved to avoid outdated processes. • Align with existing 'Verbeterplan Financieel Beheer' (which is referred to by the General Audit Chamber in multiple reports).
Risks	• We recommend to execute a new risk analysis including a re-evaluation of the current identified risks. • Set-up a risk and control framework/register including the following basic elements: risk ID, risk name, risk category, risk description (according to our advised risk description method). • Decide, determine, and include the following elements by performing workshops with relevant stakeholders: risk appetite of the Government of Sint Maarten, appropriate likelihood & impact scale (e.g., 4x4 or 5x5) risk categories, risk response, risk owner (e.g., people/department) per risk. • By means of workshops with relevant stakeholders, determine and include the following: gross risk valuation by means of the gross likelihood x impact value. • Determine the key risks.
Controls	• The next step after the risk (re)assessment is to determine the controls. It is also recommended, for this phase, to determine the following elements in collaboration with relevant stakeholders by means of workshops: determine the net (desired) risk value based on the likelihood & impact value. • Assign controls to the risks, according to the risk response which was determined in the risk assessment phase. • Assign control owners (e.g., people/department) to the determined controls. • These exercises must be done periodically (at least once a year) to make sure that the determined risks, risk valuation, reaction and controls are effective. • Perform periodic evaluation and control testing (independent function).
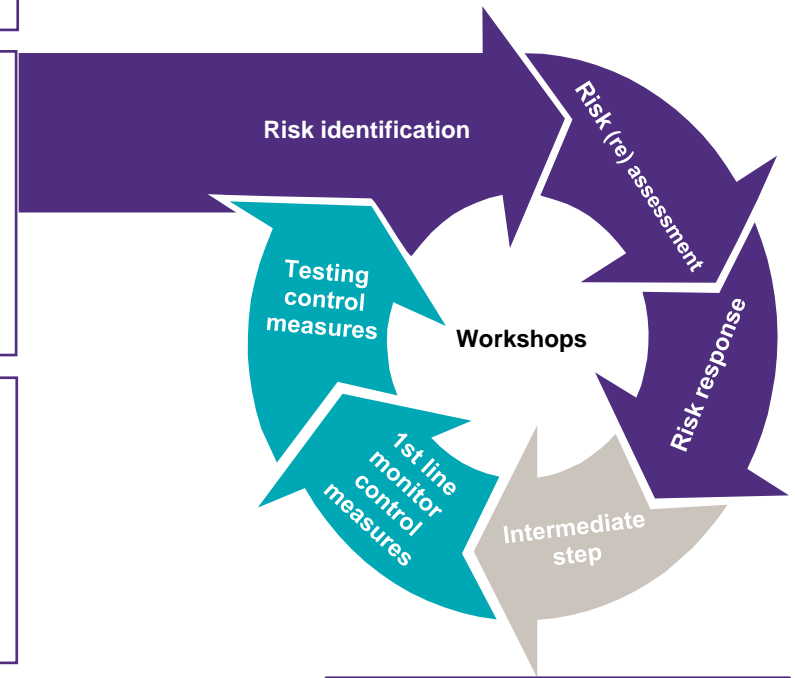
Conclusion & Blueprint (Target Operating Model)

06

Blueprint – Target Operating Model

Target Operating Model (TOM) is a blueprint of a firm's business vision that aligns operating capacities and strategic objectives and provides an overview of the core business capabilities, internal factors, and external drivers, strategic and operational levers, organizational and functional structure, technology, and information resources of a company.

This chapter presents the overall conclusion and provides insight into the desired future state of the Procure to Pay Process, including such a blueprint.
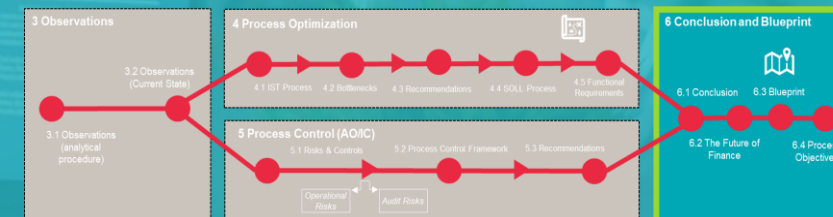
6.1 Conclusion

Based on the analysis performed, it can be concluded that the Procure to Pay Process does not work adequately across the financial landscape. Basic ingredients such as underlying policies and procedures are missing, making it difficult to carry out a well-functioning process. The current process is not properly designed to carry the main elements of a Procure to Pay process. As such, there are unclarities around roles and responsibilities, there is a lack of reliable business information, there are no comprehensive policies in place, and there is a shortage of resources and a lack of an integrated IT infrastructure. Moreover, when evaluating the current Procure to Pay objectives as the foundation of the end-to-end process, it can be also be concluded that these are not comprehensive enough to provide a solid foundation to the process. Hence, these should be reformulated to underpin a well-functioning desired future state Procure to Pay Process. The process requires more substantive guidance to resolve and overcome these bottlenecks.

Conclusion in Terms of 'People, Process, Technology, and Organization'

This overall conclusion is related to four lenses 'People, Process, Technology, and Organization'. In terms of *process*, it can be concluded that the Procure to Pay Process is not implemented adequately. There are no comprehensive policies and procedures in place (e.g., procurement policy, accounts payable policy), there is no reliable business information available, there are no explicit lead times determined, and there are no solid checks executed. As such, there are frequent deviations in the process, creating inefficiencies and ad-hoc work. In terms of *technology*, it can be concluded that the IT-landscape is too fragmented to support a structured and efficient way of work that is aligned with the work processes. In terms of *organization*, it can be concluded that the distinctive organizational structure of the government complexifies the process flow. In addition, it can be concluded that there is a lack of communication and unclarity around the roles and responsibilities between key actors in the process, leading to miscommunications and inefficiencies in the process. In terms of *people*, it can be concluded that looking at the complexity and tediousness of the current process, there is an overall shortage of resources within the process chain, causing several controls are not or barely performed. Hence, we can conclude that government is not in control with regard to the Procure to Pay Process.

Current Maturity Level

Looking at the bottlenecks outlined from a maturity level's perspective, it can be concluded that, based on the current state analysis, the Procure to Pay Process is situated between maturity level "Acknowledge Operational Inefficiencies" and "Process Awareness", as depicted in the figure on the right. Currently, there are very few monitoring processes and controls in place. Furthermore, there is no integrated IT infrastructure that facilitates the process. Although there are processes and workflows in place, there are frequent deviations in the execution due to unclarity around roles and responsibilities. Furthermore, there is a lack of standard lead times, and adequate policies, and procedures are missing.

Toward the Desired Maturity Level

In our approach, we have designed a Blueprint for the desired future state, which will direct organizational transition towards a common/shared goal within a specified timeframe provided on the next page. This desired future state is based on the 'four lenses analyses and a maturity level framework that reflects best practices. We believe that this framework provides the foundation for the journey towards the future state with the desired maturity level. To achieve this desired state of maturity, the whole organization must sequentially transition through each level of the maturity model. Even though the initial aim is to achieve 'Enterprise Valuation Control', the long-term goal of the organization is to ultimately reach the highest degree of maturity 'Agile Business Structure'.

Lenses	Level 0 Acknowledge Operational Inefficiencies	Level 1 Process Aware	Level 2 Intra-Process Automation and Control	Level 3 Inter-Process Automation and Control	Level 4 Enterprise Valuation Control	Level 5 Agile Business Structure
Organization	No monitoring processes exist	Understanding of requirements in relation to governance processes	Limited monitoring of governance processes through informal connectivity & conversation	Monitoring of governance processes takes place in a more formalized manner. Typically, these processes focus on individual areas.	Governance takes the organization as a whole into account through an integrated governance approach.	The integrated governance approach takes the organization's place in society into account and listens to and provides 360-degree feedback from/to its stakeholders.
People	No or limited clarity on policies & procedures and no or limited documented roles & responsibilities	Some policies and procedures exist; however, these are not formalized and have grown organically. Team is not aware of the roles & responsibilities. Limited skills, change readiness & behavior.	Policies & procedures have been documented but are not understood by team members & relevant stakeholders. Understanding of skills, cooperation & moderately ready for change.	Policies & procedures are documented, and team members have been trained. Limited monitoring processes exist. Team members participate & are included into change initiatives.	Policies and procedures are documented, team members are trained & monitoring processes are in place. Team initiatives are taken & change is a priority. Growth behavior.	Policies & procedures are periodically evaluated. Monitoring of performance against standards is integrated in daily business processes. Continuous process improvement in place
Technology	Limited systems / uncontrolled systems in place	The benefits of a more controlled IT environment are identified, however implementation lags.	Limited level of process automation and automated controls implemented.	Systems and controls work together across organizational processes.	Systems are used to provide meaningful insights in organizational performance.	Systems are used to predict organizational performance.
Process	No standard process implemented or considerable variances in process noted. No or limited evidence of process execution available	Limited standard processes implemented, however formal documentation lacks. Evidence of execution is typically non-existent or difficult to collect.	Standard process in place, however not formally documented. Limited evidence of process execution available	Standard process in place, with formal process description. Fairly consistent process execution, evidence available	Process is formalized, including description of evidencing process execution. Process execution is monitored, and evidence of monitoring is available	Highly formalized process, including balanced set of controls. Deviations are timely identified and communicated. Continuous process improvement in place

Current State | **Desired State** | **Ultimate State**

6.2 The Future of Finance

MINISTRY OF FINANCE — ST. MAARTEN

MISSION

Efficiently oversee the country's finances by adopting new methods and technology to improve, standardize, streamline and automate processes.

Provide accountable advice to the government in its policy areas and execute it by providing the public with accurate, relevant information and exceptional service.

The ministry is focused on lifelong learning for its staff and the general public to empower persons to reach their full potential.

VISION

To execute balanced macroeconomic fiscal policies and initiatives that aids in the expansion and diversification of Sint Maarten's economy, provide fiscal sustainability and to be the catalyst for innovation regarding government operations.

VALUES

Integrity and CARE (I- C.A.R.E)

• Integrity : Always do the right thing

• Collaboration : None of us is as smart as all of us

• Accountability : We take ownership and accountability

• Respect : We value our colleagues and the people we serve

• Excellence : We give our best at all times

Level 0 Acknowledge Operational Inefficiencies	Level 1 Process Aware	Level 2 Intra-Process Automation and Control	Level 3 Inter-Process Automation and Control	Level 4 Enterprise Valuation Control	Level 5 Agile Business Structure
2022	2023	2024	2025	2027	

Setting objectives is crucial for an improved Procure to Pay Process. A future state in which bottlenecks are minimized and risks are controlled. This should lead to a Procure to Pay Process that contributes to proper financial management within the Government of Sint Maarten, which is a key building block for the Future of Finance.

This future state, a strategic vision on the Procure to Pay Process, should be a starting point of the transformation that lies ahead. A transformation that will lead to the SOLL Procure to Pay Process that is optimized throughout and supported with an integrated risk management framework. This journey will bring the Procure to Pay Process to a proposed desired maturity level 4: 'Enterprise Valuation Control', in which governance takes the organization as a whole into account, policies and procedures are properly documented, team members are skilled, and monitoring is in place. A maturity in which systems are used to provide meaningful insights and processes are formalized.

Such a mature Procure to Pay Process as the desired future state will contribute to, and is aligned with, the mission, vision, and values of the Ministry of Finance as shown in the figure on the left of this page. In particular, this future state of the Procure to Pay process enables the Ministry of Finance to oversee the country's finances by adopting new methods and technologies that improve, streamline, and automate the end-to-end Procure to Pay Process. Therefore, the process objectives of the desired future state should be aligned with these mission, vision and values.

This trajectory towards the desired maturity should be organized by means of a transformation program. Such a program is more than a collection of similar projects or initiatives under the same umbrella. Comprehensive program management ensures that a solid focus on benefits to be realized is maintained and teams are focused and collaborating across departments together to achieve the shared strategic vision.

Based on the current state analysis and recommendations, a maturity level 4 'Enterprise Valuation Control' is a proposed desired future state that should be reached within a 3-year timeframe. Moreover, the ultimate goal of the government will be to reach level 5 'Agile Business Structure' as maturity level. The Blueprint that is outlined on the following page will contribute to reaching that maturity level. The figure on the right presents an abstract timeline on the proposed maturity development, which is based on the maturity model that is outlined in paragraph 6.1. A detailed roadmap that is tailored towards the vision and ambition of the future state, will need to be determined at a later stage.
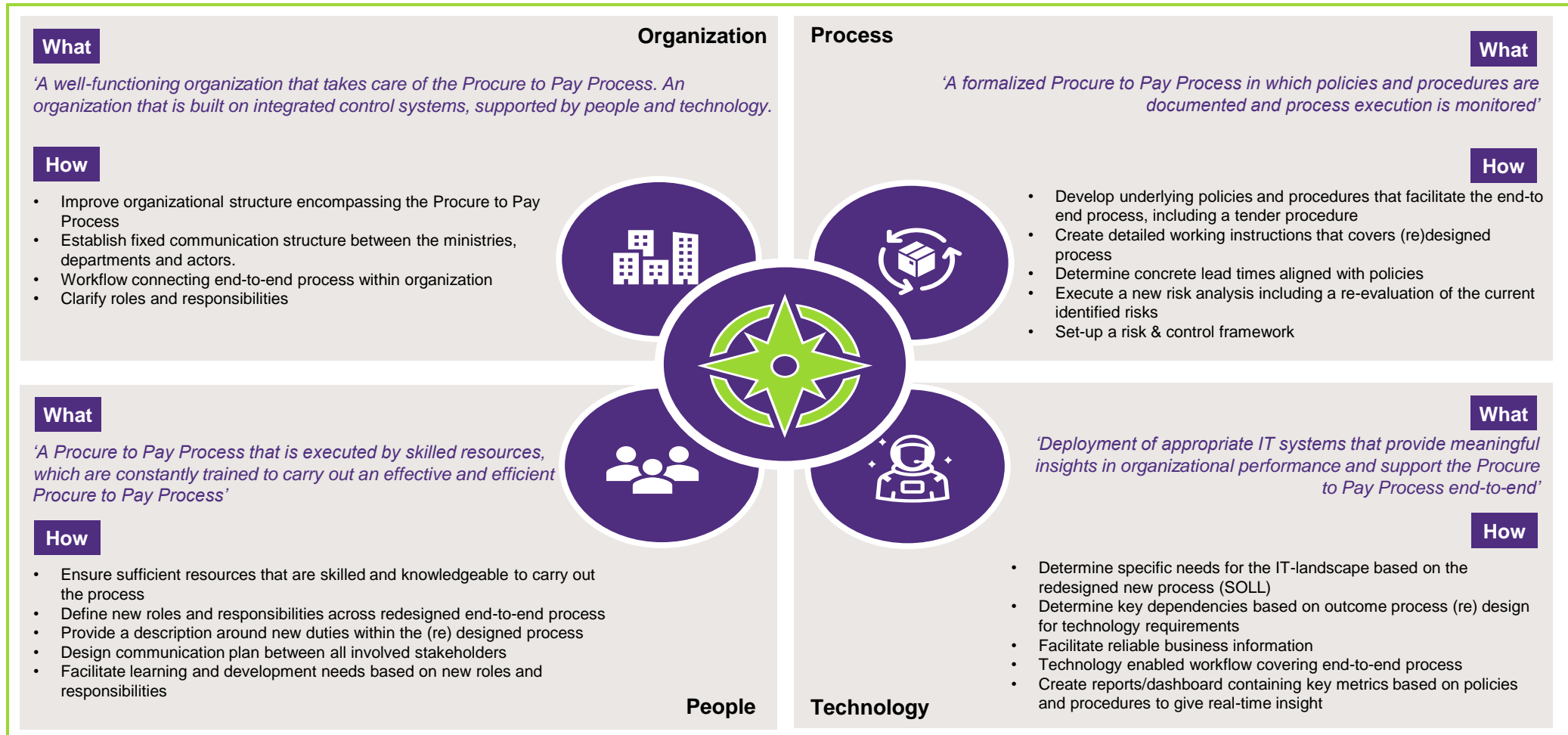
Given the context of this project, as part of the Country Package and other reform plans, we propose to plan the overall transition program and plan meticulously.

6.3 Blueprint

This chapter provides the blueprint for the desired future state through the perspective of the 4 lenses 'Organization, People, Process, Technology'. As the desired future state reflects maturity level 4 'Enterprise Valuation Control', the blueprint contains an overall vision per lens, which is substantiated by specific characteristics and prerequisites of the strategic vision for the desired state of the Procure to Pay Process.

The Future of Finance: a shared strategic view of a desired end state for the Government of Sint Maarten's public finance function. A common understanding across the Government of Sint Maarten of such an ambition gives direction and provides guidance on the objectives to be realized during the journey.

Organization

What

'A well-functioning organization that takes care of the Procure to Pay Process. An organization that is built on integrated control systems, supported by people and technology.'

How

- Improve organizational structure encompassing the Procure to Pay Process
- Establish fixed communication structure between the ministries, departments and actors.
- Workflow connecting end-to-end process within organization
- Clarify roles and responsibilities

Process

What

'A formalized Procure to Pay Process in which policies and procedures are documented and process execution is monitored'

How

- Develop underlying policies and procedures that facilitate the end-to-end process, including a tender procedure
- Create detailed working instructions that covers (re)designed process
- Determine concrete lead times aligned with policies
- Execute a new risk analysis including a re-evaluation of the current identified risks
- Set-up a risk & control framework

People

What

'A Procure to Pay Process that is executed by skilled resources, which are constantly trained to carry out an effective and efficient Procure to Pay Process'

How

- Ensure sufficient resources that are skilled and knowledgeable to carry out the process
- Define new roles and responsibilities across redesigned end-to-end process
- Provide a description around new duties within the (re) designed process
- Design communication plan between all involved stakeholders
- Facilitate learning and development needs based on new roles and responsibilities

Technology

What

'Deployment of appropriate IT systems that provide meaningful insights in organizational performance and support the Procure to Pay Process end-to-end'

How

- Determine specific needs for the IT-landscape based on the redesigned new process (SOLL)
- Determine key dependencies based on outcome process (re) design for technology requirements
- Facilitate reliable business information
- Technology enabled workflow covering end-to-end process
- Create reports/dashboard containing key metrics based on policies and procedures to give real-time insight

6.4 Procure to Pay Process Objectives

The current process objectives, as formulated in the IST process, do not provide enough substance to drive the desired future state of the Procure to Pay Process. As such, new process objectives are formulated to ensure that there is a solid foundation for the SOLL process. These process objectives are tailored to the desired future state of the process and aligned with the mission and vision of the Ministry of Finance. Furthermore, these new process objectives translate the blueprint of the Procure to Pay Process in specific, measurable, attainable, relevant and time-bound goals and/or outcomes.

The newly formulated process objectives are presented in the figure below. With these process objectives, the most prominent stakeholders and actors of the process should be able to carry out an efficient and reliable Procure to Pay Process. Hence, the SOLL position, or desired future state of the Procure to Pay Process, is built on one overarching process objective that is substantiated with four mutually exclusive and collectively exhaustive pillars that reflect this overarching objective and will drive the end-to-end process.

Objectives Procure to Pay Process (SOLL)

"Ensuring that an efficient and reliable Procure to Pay Process is carried out by appropriate actors, in which sufficient controls are completed and redundant activities are absent, to promote an accurate, complete, and timely fulfillment of purchase to payment of goods and services"

1	2	3	4
To safeguard accurate, complete and timely processing of requests for Products/Services	To ensure accurate, complete, and timely registration of the approved Products/Services, invoices and payments in the Financial Administration	To ensure accurate, complete, and timely receipt of the Products/Services in accordance with the purchase order	To ensure accurate, complete, and timely payment of Products/Services in accordance with the purchase order and invoice

Appendix

07

7.1 Findings - Reading Guide

Several findings are extracted from the IST process as outlined in chapter 4.1. These findings are presented on the following pages per process step, including a recommendation. These findings and corresponding recommendations enable quick wins to improve the current Procure to Pay Process and provide guidance to the SOLL situation, which is presented in chapter 4.4. The table below serves as a reading guide for the presentation of the findings and recommendations on the following pages. Please note that the numbering of the findings is based on the process steps in the detailed IST processes of each process stage. As such, there are 37 distinctive process steps distributed across the five different process stages (i.e., purchase request, advice, reservation/purchase order, invoice, payment).

Nr.	Finding	Risk or bottleneck?	Lens	Identified by	Recommendation

First number reflects the process step, second number indicates the finding.

High-level findings and findings related to financial administration are organized with letters (A, B, etc.)

The finding (risk or bottleneck) is described here

Is it a risk or a bottleneck?

Shows to which of the four lenses ('People', 'Process', 'Organization' and 'Technology') the risk or bottleneck belongs

Was the risk/bottleneck already identified by the SOAB or did GT (during document analysis or during the interview) find this risk/bottleneck?

This column provides the recommendation for the risk/bottleneck. Per recommendation, it is specified whether it can be solved on a short-term basis (IST++ process) or on a longer term (SOLL process)

7.2.1 Findings – Findings per Process Step (Purchase Request)

		Process activities (Findings per step)				
Process Activity	**Nr.**	**Finding**	**Risk / Bottleneck**	**Lens**	**Identified by**	**Recommendation**
Purchase request *(step 1 – 5)*	1.1	Risk of discrepancies in information because input is provided through either DIV or CRM.	Risk	Process	GT	**IST++ -** Organize and maintain one single method for the registration of purchase requests. Registration should be sequentially numbered (etc.), and multiple controls should be established to review long-standing items (etc.). **SOLL -** One integrated system for the end-to-end process including the registration of purchase requests.
	2.1	The generalized application policy of the Request for Quotation may lead to a risk of errors, unauthorized quotations and inconsistent reporting of Tender Procedure Deviations.	Risk	Process	GT	**IST++ -** Discuss and investigate whether additional procedures / specified information is needed to converge reporting into a consistent format. Herein, clear rules for RFQ's (Request for Quote) and depictive roles should be implemented. **SOLL –** Novel tender procedure regulates Request for Quotation.
	4.1	Risk of loss of information from Tender Quotation to Draft Advice because of faulty registration. Correct review by department head not possible because of incomplete information.	Risk	Technology	GT	**IST++ -** Digitalize forms and automate information cascades from Quotation Request to Quotation Decision in current system. Provide clear guidance on information structure and location of data and include quotation details in Draft advice. **SOLL -** One integrated system for the end-to-end process including digitalizing of forms and automating information cascades from Quotation Request to Quotation Decision. Provide clear guidance on information structure and location of data and include quotation details in final advice.
	4.2	Risk of inefficiency in the tendering process (public tender) is. - Not everyone involved in the procure to pay process has the required knowledge of the procure to pay manual or process.	Risk	People	SOAB	**IST++ -** Creating of learning session regarding the procure to pay manual and process.
	4.3	Risk of inefficiency in the tendering process (public tender) is. - Due to the small scale of the Island, there are same provider or vendors are selected.	Risk	Organization	SOAB	**IST++ & SOLL -** When same provider/ supplier is selected more than 3 sequential occasion, specific reasoning should be provided before approval.
	5.1	Risk of loss of information. - due to absence of confirmation on Draft Advice completeness. Can result in Draft advices not making it through the system.	Risk	Process	GT	**IST++ -** Provide completion guidelines for Draft advices. **SOLL –** One integrated system for the end-to-end process in which all required information is included and guidelines for advices are followed.

7.2.1 Findings – Findings per Process Step (Purchase Request)

Process Activity	Nr.	Process activities (Findings per step)				
		Finding	**Risk / Bottleneck**	**Lens**	**Identified by**	**Recommendation**
Purchase request *(step 1 – 5)*	A1	Tender process is not comprehensive enough to support the aspects of the laws & regulations inherently bound to the tender process.	Bottleneck	Process	GT	**IST++ & SOLL** - Establish formal tender procedure according to the laws & regulations, taking the current governmental structure into account.
	A2	Risk that tendering process/ Terms of reference is not followed. A - Products/services undergoing tendering process (public tender) are divided in smaller requests to evade the public tender threshold. B - Updated Terms of reference has not been officially approved by the authorized persons.	Risk	Process	SOAB	**IST++ -** A - Periodic review of sequential request just below tendering threshold B - Review and Approval of the Updated Terms of reference **SOLL** - Establish formal tender procedure according to the laws & regulations, taking the current governmental structure into account.
	A3	Risk that deviation in the tendering process/ Terms of reference become the norm. - Substantial amount of the approved requests Products/services are based on deviation	Risk	Process	SOAB	**IST++ -** Keeping track of the amount deviation that occurring during the process **SOLL** - Establish formal tender procedure according to the laws & regulations, including regulations on deviations

7.2.1 Findings – Findings per Process Step (Advice)

Process Activity	Nr.	Process activities (Findings per step)				
		Finding	**Risk / Bottleneck**	**Lens**	**Identified by**	**Recommendation**
Advice *(step 6 – 11)*	6.1	Due to lack of consistency in step 5, it is unclear what information the controller receives. Additionally, purpose of this control seems redundant as the check has overlap with the previous step.	Bottleneck	Organization	GT	**IST++** - Define specific roles for controllers to avoid repetitive checks. Provide evidence and details on what checks controllers execute. **SOLL** - Provide evidence and details on what checks controllers execute and execute check simultaneously with the creation of a reservation.
	7.1	Advices are not confirmed to be finalized, nor is it clearly indicated in what phase they reside.	Bottleneck	Process	GT	**SOLL –** Only decide on advice after finalization.
	7.2	Risk of budget overruns due to the discrepancy between Advice Registration and update of COGNOS.	Risk	Technology	GT	**IST++ -** Generalize the information required for digital Advice Registration. Automatization of this data input limits the time between Advice Registration and COGNOS update and will reduce the potential for budget conflicts. **SOLL** – One integrated system for the end-to-end process that provides up-to-date information on the budget necessary for the advice.
	8.1	Absence of overview over approved (signed-off) advices of all categories, alongside the department budget sheet.	Risk	Technology	GT	**SOLL** – One integrated system for the end-to-end process that assembles all (approved / non-approved) Advices relevant to the department.
	10.1	Risk of inefficiency in the tendering process (public tender) is. - Due to the amount steps that are in place within the tendering process request can take months before obtaining the appropriate Approval.	Risk	Process	SOAB	**IST++** - Evaluation of the tendering process to determine the areas that to be modified to obtain better efficiency.

7.2.1 Findings – Findings per Process Step (Reservation/Purchase Order (PO))

		Process activities (Findings per step)				
Process Activity	Nr.	Finding	Risk / Bottleneck	Lens	Identified by	Recommendation
Reservation/Purchase order *(step 12 – 23)*	14.1	Risk of control being executed wrongfully, due to incomplete delivery of information on the tender or advice.	Risk	Process	GT	**IST++ -** Enact congruous control steps for which the control parameters for accuracy are clearly defined. Be concise and complete with additional information required in the process. **SOLL** - Implement system complete with coherent information from Purchase Request onwards.
	16.1	Financial administrator approves his own actions - Risk of self-supervision by Financial administrator.	Risk	Organization	GT	**IST++ & SOLL** - Implement Segregation of Duties (SoD) by involving multiple actors of control throughout the process.
	23.1	Risk of loss of the quality of information due to the organization complexity and systems responsible for distribution. potential inconsistency in documents appended and system used.	Risk	Organization / Technology	GT	**IST++** - Create guidelines for documents that are to be added to the PO and assure that all approved PO's are sent through DIV. **SOLL** - One integrated system for the end-to-end process in which the registration and processing of information is reliable and consistent.
	C1	Process descriptions exhibit general incongruity, as it is unclear what (forms, requests, advice etc.) flow through the pipelines and how (physically or electronically). This results in inconsistent registration and follow-up of open advices, open reservations, absence of status budgets and open PO's. – Risk of losing overview over process status and documents.	Bottleneck	Process / Technology	GT	**SOLL** - One integrated system for the end-to-end process in which the registration and processing of information is reliable and consistent.
	C2	Evaluation of the offers received concerning the requested products services do not include review of potential suppliers' sustainability. - Risk that suppliers are selected who indebted to the government.	Risk	Process/ Technology	SOAB	**IST++** - Linking of the system from which the goods/service request and the systems used by the Receiver offices. The respective department receive a notification that when payments are put on hold. **SOLL** – Establish a Procurement Policy in which suppliers are evaluated on relevant aspects (i.e., creditworthiness).

7.2.1 Findings – Findings per Process Step (Invoice)

		Process activities (Findings per step)				
Process Activity	**Nr.**	**Finding**	**Risk / Bottleneck**	**Lens**	**Identified by**	**Recommendation**
Invoice *(step 24 - 31)*	24.1	Validity of the received goods in the current system cannot be controlled adequately. Additionally, some goods/services received do not have a purchase order, for which a reservation is made after receival. This circumvents multiple control steps limiting the validity of an order and received goods cannot be confirmed according to their PO. – Risk of unprocessed/unauthorized orders.	Risk	Organization	GT	**IST++** - Introduce a 3-way-match control (Matching: Purchase Order, Goods/Service and Invoice). Streamline order and receival process, and ensure no order is made without a paired request, advice and PO. **SOLL** - Introduce a 3-way-match control (Matching: Purchase Order, Goods/Service and Invoice). Implement a logical sequence of controls to guarantee a proofed feedback loop.
	26.1	Financial administrator /Head financial administrator is responsible for registration, validation and change in status of the invoice. Risk of self-supervision.	Risk	Process	GT	**IST++** - Implement SoD by appointing a different financial administrators to be responsible for registration of invoice. **SOLL** - Implement SoD on invoicing by ensuring that the financial department administrators register the invoices, while the control is executed by the Ministerial Controllers.
	28.1	Steps to handle deviations in the amount of the purchase order are treated as an exception in the process. - Risk of inconsistent processing of Purchase Order deviations.	Bottleneck	Process	GT	**IST++ & SOLL** - Establish formalized purchase order policies that include guidelines to handle deviations in Purchase Order amounts
	D1	Throughout the invoicing process, there are missing controls on open advices, open PO's and invoices to receive. Additionally, the attributes of the controls in place are not specific enough.	Bottleneck	Process / Organization	GT	**IST++ & SOLL** - Introduce a 3-way-match control (Matching: Purchase Order, Goods/Service and Invoice). Streamline order and receival process. Assure no order is made without a paired request, advice and PO to enable a control on open advices, open PO's and invoices to receive.
	D2	Forms for registration of obtained products and services are not always filled in. - Risk that Account Payables are created for products and services that have not been provided.	Risk	Process	SOAB	**IST++** - Before invoice approved by department head, product and service receipt checklist are to be filled in and signed and compared with received invoices. **SOLL –** Establish a formal accounts payable policy which regulates that only services and goods that are received are paid.
	D3	No centralized person within the finance department who registers all incoming invoices. - Risk of potential claims for non-payment to suppliers due to lack of registration.	Risk	Organization	SOAB	**IST++** - Designate a centralized location where all invoices are received for registration. Appoint one person that is responsible for back-end registration of invoices. **SOLL** - Implement one integrated System X in which every PO is linked to an invoice and registered goods/service, including a logical sequence of controls to guarantee a proofed feedback loop.

7.2.1 Findings – Findings per Process Step (Payment)

		Process activities (Findings per step)				
Process Activity	**Nr.**	**Finding**	**Risk / Bottleneck**	**Lens**	**Identified by**	**Recommendation**
Payment *(step 32 - 37)*	33.1	Respective departments are not informed that supplier's payment are put on hold due to outstanding debt to the government. - Risk that vital services and products for operating of the organization are not provided due to withholding of payment.	Risk	Process / Technology	SOAB	**IST++** - The respective departments should receive a notification if payments are put on hold. **SOLL** – No reconciliation between Account Payable and Accounts Receivable.
	34.1	The current process involves an incorrect prioritization of payments. More specifically, prioritization is based on Urgent Payment (e.g., Monthly Salary, Student Loans and Travel expenses etc.)	Bottleneck	Process	GT	**SOLL** – Establish and formalize an Accounts Payable policy which includes regulations related to prioritization of payments (e.g., aging, ministerial budgets, liquidity etc.).
	35.1	No aging list for keeping track of the Accounts payables from the Financial Administration System, because there is no visible evidence / status update that indicate payment to vendor are (being) processed. - Risk that Accounts Payable recorded in the financial administration are under- or overstated.	Risk	Process	GT	**IST++** - Establishing a detailed payables Aging list. Scheduling of intermediate (semi-annual) cleanup of old payables. **SOLL** – Utilize the previously established Accounts Payable policy and integrated system X, as a basis for the detailed aging list. **IST++ & SOLL** – Systematically organize clean-up of the Accounts Payable administration.
	37.1	Spot checks by the Ministry of Finance are currently performed according to undefined parameters. - Risk for inconsistent processing regarding payment included in the batch payment.	Risk	Process	GT	**IST++ & SOLL -** Define the scope within the spot checks should be executed. Provide guidelines on how many times one payment batch is checked; how provided evidence is reported, and which parameters should be investigated.
		At the moment that the analysis is performed, the position of Head financial administration was vacant. As such, final verification of the process owners do not take place.	Risk		SOAB	**IST++** - The filling of the vacancy Head of financial administration.

7.2.2 Findings – General Findings (1/2)

	GENERAL FINDINGS (HIGH-LEVEL)					
Nr.	**Finding**	**Phase**	**Risk or bottleneck?**	**Lens**	**Identified by**	**Recommendation**
G1	Use of different systems for initial registration and sending advices. This leads to a risk for incomplete registration of advices, concluding in incomplete follow-up and preparation of purchase orders.	A - B	Risk	Process	GT	**SOLL** - One integrated system for the end-to-end Procure to Pay process.
G2	Ministries and their respective department heads do not have insight into their real-time budget.	B - C	Bottleneck	Process	GT	**SOLL -** Ensure that there is a formal and extensive process description in place that contributes to the availability of reliable and real-time business information. In this way, departments and ministries are better able to have insight into and utilize their own budgets on monitor based on budget versus actual.
G3	The process from request to approval tedious because there are no specific lead-times determined. – Risk that similar requests are applied/approved multiple times.	A - C	Risk	Process	GT	**IST++ & SOLL -** Lead times between the various stages of the process should be determined and aligned with policies that support the process to increase efficiency and reliability
G4	There are no extensive checks on the goods and services received/delivered before payment, especially for long-term contracts.	D	Bottleneck	Process	GT	**IST++ & SOLL -** Ensure proper execution of checks between the goods and services received/delivered and payment by means of the 3-way match control.
G5	The Finance Department receives collective of purchase requests from all ministries. They prioritize the incoming requests. As such, the prioritization is done by the Finance department rather than the respective ministry. Finance controls the priority list without input from other departments. Finance & Receiver are in control and that's not how it should be.	E	Bottleneck	Organization	GT	**IST++ & SOLL -** Define clear roles and responsibilities, including comprehensive work instructions, such that duties are properly distributed as it relates to prioritizing and budget utilization.
G6	There is no integrated IT-landscape that supports the end-to-end Procure to Pay process. Multiple systems and tools are used by departments throughout the process. CRM), COGNOS, DECOS, DECADE and GEFIS. Currently, there is no integration between these systems, with the consequence that there is no structure in the flow of information. As such, data is inaccurate and/or incomplete, leading a lack of insight in the purchased products and their status.	A - E	Bottleneck	Technology	GT	**SOLL** - One integrated system for the end-to-end Procure to Pay process.

7.2.2 Findings – General Findings (2/2)

	GENERAL FINDINGS (HIGH-LEVEL)					
Nr.	**Finding**	**Phase**	**Risk or bottleneck?**	**Lens**	**Identified by**	**Recommendation**
G7	Lack of real-time information on request status for controllers and requesters: Controllers use shadow administration to keep track on requests from own ministry and budget, due to a lack of information from Finance department and Receivers. There is no reconciliations between those 3 parties (i.e., Finance, Controllers and Requesters). Requesters do not have real-time information regarding the purchase request status.	A - E	Bottleneck	Process / Technology	GT	**SOLL -** Ensure that there is a formal and extensive process description in place that contributes to the availability of reliable and real-time business information. In this way, requesters have better insight into their purchase request status.
G8	No clear lead times determined throughout the entire procure to pay process.	A - E	Bottleneck	Process	GT	**SOLL -** Determine concrete lead times aligned with the policies to prevent potential delay in the process. This includes lead times with regard to the provision of advice by the Minister/Council of Ministers
G9	Due to the usage of multiple IT systems, and the lack of integration between those systems, there is a risk of losing (confidential) documents. Additionally, continuous throughput of information throughout multiple systems can result in a loss of the quality/correctness/completeness of information.	A - E	Risk	Process / Technology	GT	**IST++** - Create interface between the multiple system platforms. **SOLL** – One integrated system for the end-to-end Procure to Pay process enabling throughput of reliable information.
G10	Risk of inefficiency in the procure to pay process. A - Each department executes that procure to pay process differently. B - Procure to Pay includes steps includes steps that are not applicable or not executed due to vacancies and or/ changes in systems. C - Reservations are not timely executed by respected personnel.	A - E	Risk	Process / Technology	SOAB	**IST++ & SOLL** - Utilization of a check list and one integrated system to standardize the execution of the Procure to Pay Process **SOLL** - Periodic revaluation of the Procure to pay Manual and applying the required adaptations
G11	Personnel are aware of law and regulation that are to be followed within the procure to pay process. But at times this is not documented visibly. - Risk of non-compliance with the Laws and regulation.	A - E	Risk	People	SOAB	**IST++ & SOLL** - Creation of checklist with all the laws and regulation to be followed during procure to pay process and requiring signoff of the checks list by the process owner.
G12	There is a shortage on human resources to carry out the Procure to Pay Processes adequately (.e.g., the treasury department consists of only three people). Consequently, controls are not or barely performed.	A - E	Bottleneck	People	GT	**IST++ & SOLL -** Ensure that proper human resources are present to execute the process, both in quantity and quality. All control activities should be executed in an appropriate manner to ensure alignment between the order, purchase, and payment, which is currently not the case.
G13	There is a lack of communication between the requesting ministry and Finance department and/or Receiver. As such, the request actor is unaware about the status of their request.	A - E	Bottleneck	Organization	GT	**IST++ & SOLL** - Establish fixed communication structures between the actors, departments, and ministries that execute the Procure to Pay Process.

7.2.3 Findings – Financial Administration

	RECORDING IN FINANCIAL ADMINISTRATION				
Nr.	**Finding**	**Risk or bottleneck?**	**Lens**	**Identified by**	**Recommendation**
F	There is no detailed process description available for the recording in financial administration.	Bottleneck	Process	GT	**IST ++:** Add detailed process description for recording in financial administration

The desired transition of the Government of Sint Maarten comes with dedication and perseverance.

Objectives set can only be reached through a vehicle of a plan, in which fervently must be believed in, and upon which vigorously must be acted on. There is no other route to success.

Financial Processes Government of Sint Maarten – Final Report

Grant Thornton