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Benefits of dematerialization within the exercise of Treasury missions

Terms of reference

➤ Dematerialisation

Dematerialisation impacts all companies activities as a whole, particularly the economic activity. It is thus logic that the administration adopts its management tools to a more or less rapid extent.

It is as well essential that the State, as a leading stakeholder, dematerialises its proceedings in order to boost the emerging digital society, as it is a driver of economic development and strategic positioning for countries at the international scale.

The financial ministries are the most prone to endorsing the digitalisation of their activities.

Native dematerialisation and *a posteriori* dematerialisation

Two types of document dematerialisations exist (e.g. expenditure):

- 1- **Dematerialisation is said to be “native”** when the documents (for instance invoices) are received or created electronically. No scanning stage takes place.
- 2- **A *a posteriori* dematerialisation** allows to handle an entering document in paper form. A scanning phase is thereafter necessary.

The electronic management of documents (EMD) enables to manage paper documents by dematerialising them (via a scan), in order to store them in an electronic version.

➤ Securing the device

Dematerialisation requires three security conditions:

1. First of all, the transferred and used documents must have an incontestable legal protection. This implies that the legal documents be adapted to ensure that an electronic signature will not be challengeable before a court, that it is an authentication guarantee which prevents all the stakeholders of the chain (expenditure, revenues, accounting) from contesting the legality of the documents. This legal redrafting work is the prerequisite for every systematic dematerialisation policy.
2. It is also preferable that the State adopts a unified dematerialisation strategy to withhold any public stakeholder from delaying the process via contradictory technical choices impeding a fluid coordination among all of the stakeholders.
3. Finally, dematerialisation opens up opportunities for computer attacks obliging stakeholders to guard against those risks.

➤ *An evolution affecting people working in directorates involved in the budgetary implementation of the State, of local authorities and their public institutions*

Dematerialisation widely changes three types of professions: bookkeeping, revenue collection and expenditure payment). Total dematerialisation of management accounts is the assigned objective in terms of accounting. The electronic payment offer, in all its forms, increases public revenues and strengthens the recourse to banking facilities of all economic and social stakeholders.

Finally, receiving dematerialised invoices, scanning paper invoices and using wires as a payment method are factors increasing swiftness and securing.

Dematerialisation also reinforces management control within financial administrations. It enables to reproduce reliable performance indicators.

Distance learning offers opportunities and strengthens officials' training capacity, notably in the form of MOOCs (Massive Open Online Courses).

➤ *Enhanced swiftness of flows*

The main advantage of dematerialisation is to improve collection delays since banking accounts are, consequently, faster supplied.

The improvement of payments periods partly comes from the dematerialisation of the invoice treatment chain.

The computerized bookkeeping substantially accelerates the presentation of public accounts.

➤ *Enhanced security*

Securing operations is at the core of the missions of the Directorates in charge of budgetary implementation. More binding internal controls, thanks to computerisation, strengthen prevention against internal embezzlements.

The decrease of cash payments reduces the scope of security measures necessary for payments and bank deposits.

Expenditure chain dematerialisation allows to reduce outstanding debts and gives suppliers a greater deal of confidence in getting paid and in being able to follow all the steps of the payment process.

➤ *Gains in terms of productivity and savings*

Dematerialisation reduces costs for users, suppliers and administrations to a non-negligible extent without being dramatic though. The initial investment in the technical system allows later on to reduce operational costs and to reorganise the network of the accounting departments.

Productivity gains are undeniable: e-filing and ie-payment allow maintaining good results in administrations coping with job cuts. Dematerialisation also eases the territorial reorganisations of the setting up of departments. For the expenditure chain, the improvement in payment periods is also observed thanks to the dematerialisation of processes. Native dematerialisation is the most efficient type of dematerialisation. Those productivity gains are also noticeable in the payment of wages and pensions.

➤ Internal controls of better quality

The tools put in place integrate automated internal controls and impose binding book entries schemes limiting the scope for errors. This is for example the case for bookkeeping activities. Electronic tax filing allows to mobilise the staff on the analysis of errors and frauds as it avoids time-consuming retyping.

In terms of expenditure (including wages and pensions), dematerialisation improves selective controls, put in place by a greater number of diverse and precise automatic requests and thanks to a strengthened traceability of the undertaken controls.

➤ Effects induced by dematerialisation

This is not a neutral operation. If it modifies traditional organizations, it implies that directorates rethink deeply their way of doing things, in an environment where paper was predominant, in order to let dematerialisation be an effective leverage for change.

Dematerialisation makes accommodations possible in the segregation between authorizing officers and accountants and smoothens their relationship by preventing breaches in the work process and control redundancies.

User relationships are also transformed with the introduction of electronic fillings, e-payments and e-invoices. Dematerialised tools broaden the range of communication means with the administration in order to curb or reshape the physical reception.

The relationship with the judge of accounts remains largely the same. Its controls can be more operational thanks to computerised requests. Nevertheless, the perimeter of accountants' personal and pecuniary responsibility remains unchanged.

In contrast, within directorates departments the changes are deeper. The work evolves towards more selective controls and less mass processing of operations. To avoid that internal controls be considered by officials as intrusive, hierarchy needs to lean towards a more participative type of management as well as to set up concurrently a structure dedicated to internal controls.