

“Develop IT strategy for an integrated system to support the processes for tax and finance management through the “DLGP WAN network”

Assessment Report
Of
The possibilities and requirements to run the
current OTA and CPO system with the districts on a
WAN

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This is version 1.0 of "**The assessment report of the possibilities to run the current OTA and CPO system on a WAN**".

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1. Introduction

1.1. Document Purpose

This document contains the findings, conclusions and recommendations of the assessment of the possibilities and requirements to run the current OTA and CPO system with the districts on a WAN. The result of this assessment will be used as input for the following assessments and deliverables to come to a Terms of Reference to meet the client objectives.

This document is owned, maintained and utilised by the Project Manager and Project Team to support the delivery of the final project output.

The document should be reviewed and amended to meet changed conditions during the project's life span.

1.2. Intended Audience

This document is meant for all stakeholders of the projects and their delegates involved in the project execution. Distribution of copies to other entities (than mentioned) and/or persons are subject to approval of client's project manager.

While distributing and/or presenting this document to reader, the following assumptions are considered:

- ◆ Knowledge of the project: **“Develop IT strategy for an integrated system to support the processes for tax and finance management through the DLGP WAN network”**
- ◆ As the document proceeds through a series of iterations during the life of the project (e.g. after each phase), its structure, emphasis and intended audience may change.

1.3. Background

“Decentralization and Local Government Strengthening Program (DLGP-II) aims to continue supporting Suriname's local government decentralization efforts and to contribute to the attainment of a core legal framework, and as well to assist new pilot districts of Paramaribo, Sipaliwini, Saramacca, Coronie, and Brokopondo to obtain adequate institutional capacity for fiscal self-management and capacity for managing capital investment. The Program will also assist certified districts of Wanica, Para, Nickerie, Commewijne, and Marowijne in the implementation of community-based basic infrastructure investment projects and local services.

DLGP I started with a project to develop the TAS (Tax Administration System) to provide the Districts with a system for collection, accounting and maintaining the

contributors' data base. CIAT (Central Inter-America Tax Organization) did a research for the implementation of TAS in the districts¹. This project however was not pursued because DLGP 1 was not ready at ICT infrastructure level.

The objectives of DLGP with the implementation of TAS and the WAN are:

- The tax clients should be able to pay their tax/non tax at any tax collector's office in any districts, based on automatically shifting of the amounts to the respective District Funds
- Through the DLGP WAN all districts should have access to an integrated system that supports the tax and financial administration and management process.

DLGP 2 is now in the progress of implementing a DLGP WAN network. In this assessment report IBMS will analyse the possibilities and requirements to run the current OTA and CPO system with the districts through the DLGP WAN.

1.4. Scope and Objectives

In deliverable 1 "Assessment report of the automated tax administration system of OTA and CPO regarding used procedures, software and WAN capabilities" IBMS reviewed the automated tax administration system at OTA (the ITIS application) and the automated non-tax administration system at CPO (the CPO Cashing System).

The main objective of this report is:

- Analyze the possibilities and requirements to run the ITIS application on or through the DLGP WAN
- Analyze the possibilities and requirements to run the CPO Cashing System on or through the DLGP WAN

IBMS needs to analyze the possibilities and requirements for a connection between DLGP WAN and the OTA and MOF WAN.

1.5. Methodology

The following steps have been followed in order to conduct the assessment:

- Desk assessment: study of available documentation
- Interviews with stakeholders

Methods applied:

Method	Applied for
Interview	Information gathering/ data collection

¹ Report: "DLGP: Establishing a Tax Administration System in Suriname's five pilot districts"; prepared by Edison Gnazzo and Ariel Ayaviri (CIAT); 2004

2. Assessment of DLGP WAN

2.1. Introduction

DLGP 2 is currently in the implementation phase of DLGP WAN. The DLGP WAN Central Office at Combe Paramaribo is ready and already in use. The implementation in the other certified districts are in the status of “done and ready to use” or “in progress”.

2.2. DLGP WAN Connection

IBMS had an interview with the ICT Consultant in charge of the DLGP WAN project, Mr. Theo Boomsma of The Cottage IT Solutions. This consultant also has a support and maintenance contract with DLGP regarding the DLGP WAN infrastructure. Mr. Theo Boomsma provided IBMS with visual document of the current Central DLGP WAN setup (appendix A contains the visual structure of this setup).

All certified districts are/will be connected to the DLGP WAN Central Office.

There are 3 options to connect to the DLGP WAN from outside (appendix B contains a visual view of these 3 options):

- 1) VPN (Virtual Private Network) connection through internet
 - a. Can be established through routers (estimated cost of 1 router is USD 50,00)
 - b. Security layers should be implemented
- 2) Dedicated WAN connection between MOF/OTA - ICT and DLGP - Central
 - a. Digilink data connection through routers
 - b. Estimated cost is USD 300,00 per months
- 3) WiFi or Lease line between MOF/OTA - ICT and DLGP – Central. WiFi is a WLAN (Wireless Local Area Network) technology.
 - a. This option will have extra infrastructure costs at both sides (MOF/OTA and DLGP)

Option 1 is the cheapest solution, but security can be an issue because the general public internet connection will be used (e.g. can be easily hacked)

Option 2 is the best solution, because you have a dedicated and secure internet connection that can be used for data transfer between MOF/OTA and DLGP.

Option 3 will cost more than option 1 (because of the infrastructure implementation), and the WiFi internet connection (wireless internet connection) can cause security issues (e.g. can be easily hacked).

3. Assessment of ITIS on a WAN

3.1. Introduction

The Tax Department (OTA) is now currently connected on the MOF WAN. The OTA is currently in the progress of the implementation of an own WAN. This is still in progress and it is not yet known when this will be done and ready to use.

3.2. OTA WAN Connection

IBMS had an interview with Mr. Somoredjo, head of the ICT department at OTA.

ICT OTA indicated that a VPN over internet connection with DLGP WAN would be the best option for now, this because of the implementation of WAN OTA that is still in progress at the moment. And this setup would also be a good test environment for both, DLGP and OTA. This VPN connection can be secured and also has less ICT-infrastructure setup costs.

There are two options to connect to the ITIS application:

- 1) Direct access to the application
- 2) Indirect access through a DLGP Interface (only data transfer between ITIS and DLGP Central System)

4. Assessment of CPO on a WAN

4.1. Introduction

The Ministry of Finance (MOF) has an own WAN. On this WAN all departments of Finance are connected, including the central payment office (CPO).

4.2. MOF WAN Connection

IBMS had an interview with Mr. Jerry van Ommeren, head of the ICT department of Finance.

The only solution for a connection between MOF and DLGP according to the ICT head of MOF is a dedicated data connection link (Telesur digilink) between DLGP and MOF.

The CPO application will keep running on the MOF WAN. DLGP can access the CPO application through a telnet session or VPN/remote desktop sessions.

MOF also states that the applications will not directly be accessible, but through an interface (developed by DLGP), that will communicate with the CPO. The data will be transferred in batches.

5. Conclusions

In general the assessments indicated that on ICT Infrastructure level it is possible to run the current OTA and CPO system with the districts on a WAN. The main requirements are:

- 1) For the CPO system:
 - a. A dedicated data connection link between DLGP WAN and MOF WAN.
 - b. A system interface (developed by DLGP) through which DLGP can access data from the CPO application.
 - c. The data transfer will be scheduled and performed in batches.
- 2) For the ITIS application:
 - a. VPN over internet connection with secure layers
 - b. A system interface (developed by DLGP) through which DLGP can access data from the ITIS application.

On management level the following issues are to be taken into consideration by DLGP:

- MOF indicated that there is no agreement between them and DLGP about using the CPO application by DLGP. This issue should be first discussed between both institutions. They also indicated that they are not informed about an agreement about using the ITIS application at OTA. On the other side OTA indicated that they are informed about this DLGP project to use the ITIS application to support the process for tax and finance management through the DLGP WAN.
- MOF also has functionaries working in the districts for tax and non-tax collection at the moment. DLGP will only cover the collection of some of the tax and non-tax revenues. MOF indicated that the following needs to be discussed and cleared:
 - The division of the tasks of the MOF and DLGP functionaries.
 - Location for the payment of the tax and non-tax revenues in the districts. It is the intention that citizens will have to pay the different forms of tax and non-tax revenues at different locations in the same district? One for the collection of DLGP related tax and non-tax revenues, and one for the collection of all other sort of tax and non-tax revenues?

- MOF indicated that all costs made during implementation need to be covered by DLGP.

The main conclusion that can be drawn is on ICT infrastructure level it is possible to run ITIS and CPO Cashing System on the WAN of DLGP and MOF/OTA, but on management level the above mentioned issues still need to be discussed.

The first priority and most important task of DLGP is to have a meeting with the most important stakeholders of the Ministry of Finance and discuss the collaborations between both institutions. Consensus is very important to develop and implement an IT strategy. DLGP should be leading.

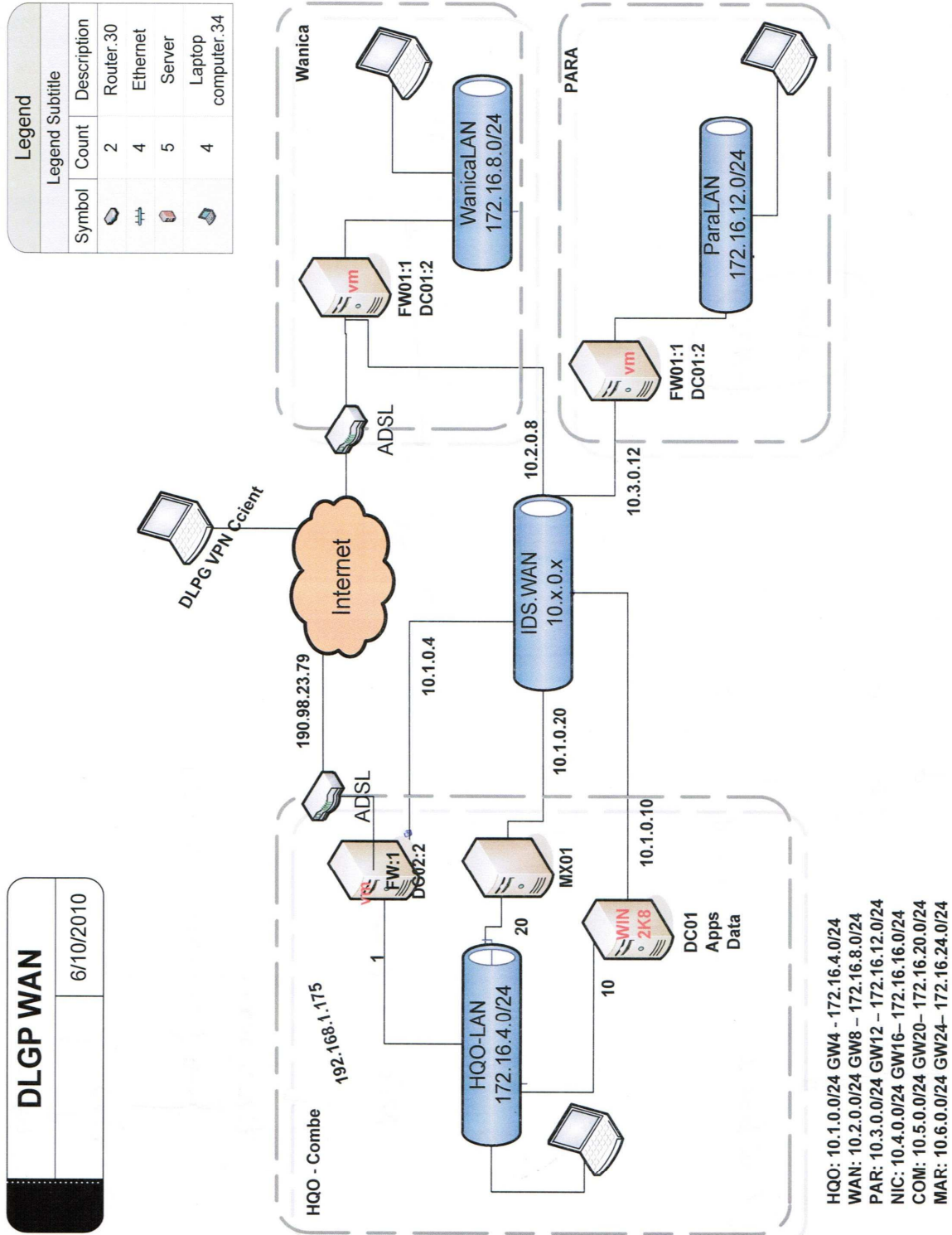
IBMS Follow-up activities	
1	Analyze the current being installed Account View Software Package (which part of the tax and non-tax revenue registration and collecting processes can and will be supported in this package) and possibilities for an interface with the ITIS application and the CPO Cashing System. The findings and conclusions of this activity will be processed in deliverable 5 (as indicated in the Terms of Reference) of this project.
2	Analyze the existing and future plans of OTA and MOF to revise ITIS and the CPO Cashing System. The findings and conclusions of this activity will be processed in deliverable 4 (as indicated in the Terms of Reference) of this project.

6. Recommendations

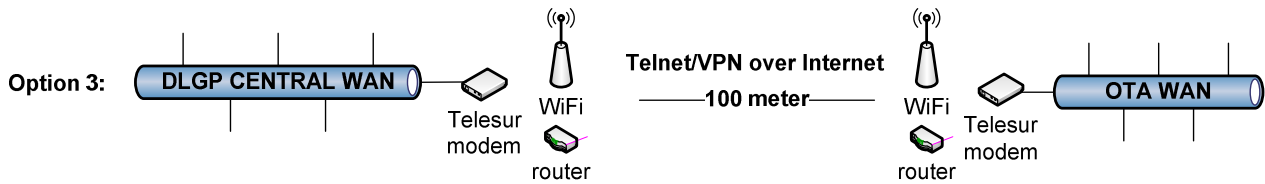
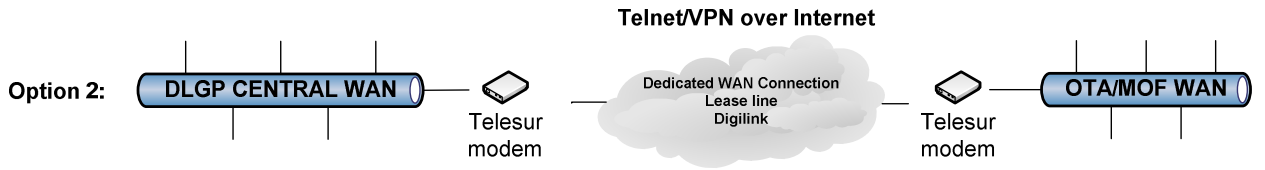
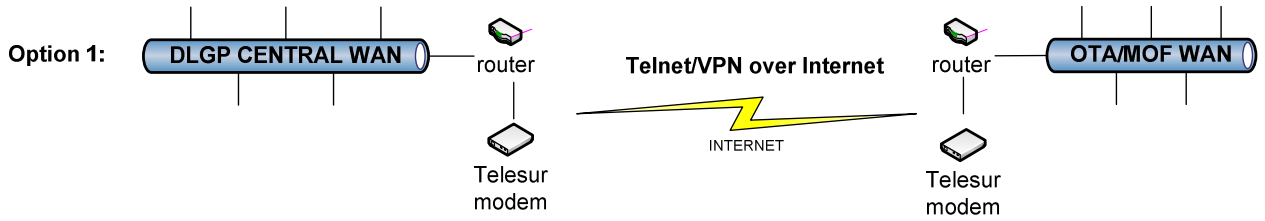
In the light of these conclusions, IBMS recommends that DLGP should have more interaction with MOF. It is a waste of time and money if both institutions have the same goal, but both follow different paths.

7. Appendices

A. Central DLGP WAN implementation



B. DLGP WAN – OTA/MOF WAN connections



C. Glossary

Glossary (Alphabetic order)

ARA	Aanslag Regelaar
BFM	Budget and Financial Management
CIAT	Central Inter-American Administration Tax
CPO	Central Payment Office (department of Ministry of Finance)
DC	Districts Commissioner
DFP	Districts Finance and Planning Unit
DLGP	Decentralization and Local Government Strengthening Program
EDP	Electronic Data Processing
FAM	Financial Administration Management
FDIL	Interim Law Financial Decentralization Interim Law
FICOD	Fiscaal Controle & Opsporing Dienst
ICS	Integrated Computer Services NV
IDB	Inter-American Development Bank
IT IS	Integrated Tax Information System
LAN	Local Area Network
MOF	Ministry of Finance
MRD	Ministry of Regional Development
ODB	Ontvanger Directe Belastingen (Direct Tax Collection Office)
OTA	Office Tax Administration (Tax Directorate of the Ministry of Finance)
PET	Public Entertainment Tax
PIU	Project Implementation Unit
RVT	Rental Value Tax
TAS	Tax and non-tax Administration System
TOR	Terms of Reference
TPS	Tax Payer Service
VPN	Virtual Private Network
WAN	Wide Area Network
WLAN	Wireless Local Area Network

References

- [1] “**HANDBOEK BEGROTING EN FINANCIËEL BEHEER - PROCESSEN DISTRICTSFINANCIËN EN PLANNING** ” – submitted by DLGP Consultant Mrs. drs. Wonnie W. Boedhoe.