

8 BUSINESS PROCESS REENGINEERING

8.1 Overview

Since the inception of SBP BSC in January 2002, its managers have been analyzing and designing business processes in order to deliver quality services to internal and external stakeholders. The Governor State Bank of Pakistan approved Business Process Reengineering (BPR) for SBP and BSC which is being implemented in BSC. As envisaged in BPR, payroll, expenditure and Internal Monitoring Units have been transferred to Accounts Department from Administration Department. The course of BPR has been adopted to improve the existing work procedures in various areas of operations to eliminate unnecessary stages for quick disposal of the cases. The redesign of business processes, with the objective of performance gains, is mainly achieved with the help of information technology. The implementation of payment controller function in BSC has helped in achieving operational gains by centralizing the payment system. The automation programme has inter-connected various processes to facilitate the end-users and supervisors. Business processes have been modified to make them compatible with the recently implemented Globus / Oracle Enterprise Resource Planning (ERP) Modules. The business processes linked with these modules have been simplified. Data once entered automatically passes through various channels to relevant accounts. The system generates error free final output / statements and periodical reports are generated through the system. Duplication of work has been reduced or eliminated. In nutshell BPR has changed the old routine practices in BSC.

8.2 Technological Improvements

The SBP has designed IT based business solutions in Oracle ERP, Globus and other software to increase operational efficiency. After their implementation in SBP, these solutions have been replicated in BSC successfully. Globus an online state-of-the-art banking package is capturing all banking transactions in 16 field offices spread all over the country. The system has been customized to meet the Bank's operational requirements. Every office, after close of business, transfers Oracle GL summary of all transactions of the day in predefined Account Heads. To facilitate effective monitoring of transactions being entered and authorized in Globus banking system, an hourly status report is generated to identify delay in finalization of cases. Close of the business process is monitored by the Head Office. A daily check list has also been introduced in each office to clean the entries processed by the system. System hang up, delays and entries to Suspense Account have been minimized with the assistance of Information Systems and Technology Department. Since May 2006, BSC Head Office is in a position to generate Weekly Statement of Affairs from the system. In addition to Oracle ERP and Globus, other in-house developed software like Medical Services system and Fund Management system are running successfully in all offices of BSC. The areas which have been fully automated included Public Accounts, Deposit Accounts, SSC/DSC, Prize Bonds and Cash Tellers. The issuance of currency has also been automated. Oracle ERP has 6 modules namely recruitment, Employee Information Management, Performance Evaluation Report, leave management, compensation & benefits and work structure and training modules. The system provides a better management environment. Further, the officers of IMU have been allowed access to the Oracle & Globus systems to ensure that jobs processed through these systems are in conformity with the relevant prescribed instructions of the SBP BSC.

Implementation of automated solutions parallel to existing manual processes have paved the way for better IT based processes in place of paper based working culture. This transition required a review of existing manual controls to be replaced with automated controls. Since present manual controls are based on existing Banking Department Manual and Issue Department Manual which require updation. These manuals have been reviewed by a committee constituted by the Managing Director.

8.3 Currency Operations

Due to automation of the currency operations, the manual work has been reduced to a large extent. One of the laborious jobs was the manual counting of fresh notes of 20,000 pieces per employee per day. Field offices have now been provided the Note Counting Machines which are counting fresh currency notes received from the Pakistan Security Printing Corporation at the rate of 300,000 per machine per day by deploying two persons on each machine. In addition Automated Currency Sorting Cells have been set up at Karachi, Lahore and Multan offices.

The cancelled notes are now shredded through note shredding machines installed in most of the field offices of BSC. Moreover, coin counting machines are also in operation at field offices. The coins are issued and received after counting through these machines in order to facilitate the public an easy and efficient exchange of coins. With a view to ensure longevity and durability of banknotes the culture of stitching/stapling of note packets has been done away with. Note Banding Machines are being used to band the packets of re-issuable notes with paper band. In order to wrap the bundles of banknotes in polythene wrapping paper, Cellophane Plastic Shrink Packing Machines have been acquired to safeguard the banknotes against pilferage and spoiling.

In order to provide better services to the public various steps have been taken to simplify the procedures in connection with the currency operations, some of which are as under:

1. The procedure for Claim Notes has been simplified by deleting various parameters in order to accelerate the process of their payment at the Bank's counter.
2. Note Shredding Machines have been installed in most of the offices for destruction of Cancelled Notes.
3. Data is entered in the on-line system at Examination Halls, Vaults and Counters, and outputs are automatically generated through system
4. Fresh notes up to Rs.100/- denomination are being issued unstapled.

8.4 Banking Department

Following improvements have been witnessed in the operation of Banking Department (including Prize Bonds Unit) on account of the implementation of automation programme.

- All the accounts operated in SBP BSC are being maintained through Globus and Oracle systems. Trial Balance Report is generated from Oracle System.
- The age old practice of writing the Scroll Abstracts manually has since been dispensed with as authorizations are being done in the Globus and reports are being automatically generated through the system.
- Compliance of requests for 'Stop Payment' against cheques and other payment instruments is monitored through the system.
- The record of all payments and receipts is maintained through the system.
- The preparation of Clean Cash Book, General Ledger and Trial Balance manually has been discontinued as the desired reports are generated through the system as and when required.
- Inventory records are available in the system and Monthly Consumption Vouchers and Depreciation Vouchers are passed on the basis of system generated reports.
- Users are sending system generated Purchase Orders for approval.
- CBR transactions are reported daily through system provided by the CBR.
- Technological improvements are also made in respect of the payment of Prize Money against prize winning National Prize Bonds and sale / encashment of SSC / DSC including payment of profit on SSC/DSC which is now paid after processing the cases through the system. Daily statements in Form PB-55, Income Tax Certificate and other daily and monthly statements are generated through the system. Prize Money Payment Orders generated through the system are issued to the claimants on newly designed payment order.

8.5 Human Resource Management

Personal data of all employees is being maintained in a systematic manner on Oracle Employees Information Module (EIM) System, and the data regarding benefits allowed to them, e.g., salary, pension, advances and extension of medical facilities is retrieved from Oracle EIM system. Main benefits of the system are as under:-

- Reliable information.
- Instant availability of information.
- Security control.

8.5.1 Administration / Salary / Advances

BPR entails modification in the existing rules and procedures to attend higher operational efficiency, stronger human resource base and better internal controls. Since implementation of Advances Modules, maintenance of registers for keeping the record of Staff Loans has been abandoned. Scrutiny sheets once prepared manually have been discontinued as now system itself generates the Scrutiny Sheets. Preparation of salary had always been a laborious work. It was once a continuous process for the whole month. Making of salary binders, various calculations related to salary, preparation of statements, salary advices and above all calculation of income tax and then posting into relevant registers on monthly basis normally took 10-12 days of succeeding month. Now all these jobs are done through the system and manual work has been discontinued. In Leave Unit the system automatically calculates the RLA / SLA balances of employees on feeding leave data of the employees. Necessary advices are also generated automatically. Implementation of BPR in HR Module has facilitated the user in generating the personal data of employees. This includes personal data such as date of birth / date of retirement, qualification and dependents, as well as experience list showing date of appointment, promotion, transfer etc.

8.5.2 Medical & Welfare

Automation of Medical & Welfare Unit has taken place with the enforcement of Oracle (ERP) Module of Medical Services System. The information / data pertaining to all services provided by this unit have been integrated. Any type of data, duly updated and accurate, can now be viewed by the concerned authorities at their desktop monitors. This facility helps in timely decisions and facilitates in rendering high value services to its stakeholders as well as employees of the Bank. Automated system displays all the processes and details of payments to employees / hospitals / laboratories / specialists / suppliers etc. Consequently, the chances of pilferages / frauds have been reduced to a bare minimum level. The redesigned processes are as under:

1. Reimbursement of medical expenses to employees is processed in MSS Module and conveyed to Salary Unit on or before 20th of each month for payment through payroll.
2. In MSS Module reference slips are issued to employees for treatment / clinical tests etc. The same are tallied with claims / bills of specialists / pathologists / radiologists / hospitals as and when they lodged their claims for payment. MSS Module is integrated with AP and its data in respect of above claims is imported in AP Module for onward payment to parties through payment orders / bank drafts. All these payments / claims are processed and verified through system efficiently. Further, the audit procedure has also been modified for quick disposal of cases.
3. Payment to suppliers of medicines are made through AP Module by matching cost / quality of each medicine with purchase orders on the basis of which medicines are received / inspected and delivered in Store / Dispensary. Detail of consumption of medicines as well as stock in hand is available in Inventory Module integrated with MSS Module.
4. Amendments in particulars of suppliers / rates of medicines etc. are carried out in system. As such a smooth change takes place without lengthy manual process besides, accuracy in calculation of rates is also ensured.
5. Withholding Tax deductions are calculated and made by the system on prescribed rates in respect of every supplier of goods / services.

6. Detail of medical expenditure incurred on each employee, supplier and product is available in system and it takes little time in preparation of statement of expenditure for submission to concerned authorities.
7. Procedure for transfer of employees' medical facilities has been simplified and now on the request of an employee his medical facilities are transferred to other centre immediately.
8. Any change in personal record of employee (addition/deletion) is processed by Staff Unit and the change incorporated thereof is imported in MSS Module.
9. Purchase orders in respect of suppliers of medicines are processed through system.
10. Various statements / reports are automatically generated through the system which helps in quick disposal of cases.

8.5.3 Settlement of Medical Bills / Payment

In order to eliminate un-necessary processing and to improve the efficiency level, a revised system of payments / settlements of employees, dependents, hospitals, labs, consultants and venders / suppliers of medicines etc has been implemented since 20th January, 2006. Main features of the system are as under:

- Under the revised system, MSD, HOK and field offices have instituted a "Claim Submission Desk" in the concerned unit for receipt of medical claims / bills so as to provide prompt and effective service / response to the internal as well as external stakeholders.
- New Claim Forms have been introduced, and each Form contains a checklist of the supporting documents to be submitted alongwith the claim and an option for payment through Cheque or Bank Transfer.
- The officials manning the Claim Submission Desk preliminarily examine the case before acceptance which is substantially reducing the claim processing time.
- The existing system of pre-auditing medical claims / bills by Internal Audit Unit (IMU) at HOK has been eliminated.
- The "In-order" certificate has been bifurcated into "Technical In-order" and "Financial In-order" certificates. These certificates are to be recorded by the Bank's Medical Officers and the concerned administration functionaries respectively.

8.6 Adoption of Public Procurement Rules

SBP BSC has adopted the Public Procurement Rules of the Government of Pakistan issued on 9th June 2004 in place of Standard Rules and Regulations for procurement. These procurement rules are applicable to all departments, units and Printing Press. Previously, Printing Press was arranging printing and other consumable material required for distinctively special and unusual publication by adopting emergent measures, which was sometimes causing delay in accomplishment of specified job. Under the newly adopted rules, for printing of special and distinctive publications, orders with full specifications / requirements are placed to Printing Press at least 25 days prior to the estimated commencement of work on the relevant job.