

Frequently Asked Questions About the Financial Management Reform

What is the Financial Management Reform?

The Financial Management Reform is the new policy framework that had been adopted by the Fiji Government to improve performance and accountability.

Why was the FMR introduced?

The framework has been introduced following public concern over Government's inefficiencies and wastage as reflected in numerous Auditor-General Reports as well as reports by international agencies on public expenditure practices in Fiji. These reports have highlighted the need for Government to seriously address its resource allocation and financial management processes.

What are some of the problems with the current management of Government finances?

The Fiji Government's current financial management structure, has been in place since the 1980s with minor changes throughout the years. A review of the current structure revealed the following problems:

- ❑ inadequate links between government policy decisions and implementation;
- ❑ a focus on the resources given to Government agencies rather than how the agencies perform with the resources allocated to them;
- ❑ Central control of finances by the Ministry of Finance which contributes to slow delivery of service: and
- ❑ poor financial management and spending control.

What changes will the FMR introduce?

The FMR will strengthen and modernize the management of Government finances to:

- ❑ better align government policy priorities with budget resources;
- ❑ adopt a performance focus;
- ❑ provide more effective control over public spending; and
- ❑ strengthen accountability and transparency in financial management.

How will the FMR bring about these changes?

Through the implementation of the following four major components

- ***Financial Management Act 2004*** – The Financial Management Bill is expected to become law in 2005. The legislation has been drafted to give legal effect to the Financial Management Reform policy framework.
- ***Financial Management Information System*** – to be introduced progressively, the new system will support the changes by automating most current manual processes, strengthen the monitoring of budgets and control over spending.
- ***Performance Budgeting*** - involves the allocation of resources to agencies based on the goods and services to they deliver. Therefore budgets will reflect the level of performance expected with the resources provided. . This will be linked to the annual corporate planning process. More information is available in the “Guide to Performance Budgeting.
- ***Training and Capacity Building*** – As the FMR process involves a significant amount of change over time, training needs to be conducted at all levels to ensure the sustainability of the changes.

What is Financial Management Information System (FMIS)?

FMIS is financial management software that transforms financial data into information that is useful for decision-making. Government is in the process of acquiring a FMIS for the Whole of Government. This will replace the current General Ledger System.

How is FMIS related to the Financial Management Reform?

FMIS is a component of the FMR. The new FMIS is required to:

- Support the re-defined framework;
- Support the transition to accrual accounting; and
- Support the introduction of Performance Budgeting;

Why do we need a new FMIS?

There are some key problems associated with the current system. These include:

- Slow processing of transactions;
- Inaccurate and untimely financial information and reports i.e. information is not recorded on real time.

What are the benefits of the FMIS

Benefits of the FMIS include:

- Automates most of the manual processes e.g. recording of Commitments.
- Improves efficiency and effectiveness;
- Provide decision makers with a tool that will support accountability, and decentralization of accounting processes

What guidance is available?

If you require assistance please contact:

The Helpdesk Service
FMR Project Office
Ro Lalabalavu House
Suva

Phone: (679) 330 7011
Fax: (679) 330 5074
E-mail: fmrhelppdesk@govnet.gov.fj