

## Agency Tender Boards

As part of the gradual implementation of the Financial Management Reform, each agency must establish an Agency Tender Board (ATB) to approve procurements above \$20,000 but less than \$50,000 under the Financial Management Act 2004 and the Finance Instructions 2005

The objective of an ATB is to obtain "the best possible quality and standard of works, supplies and services at the most economical rates and where appropriate, to obtain the highest proceeds for the disposal of government stores and property".

The authority to establish ATB has been delegated to CEOs who have had their Finance Manual approved and signed via Finance Circular 20 of 2005.

To enable an agency to operate its ATB will be subject to the following arrangement:

- That the composition of the ATB is aligned to the requirements under Section 23 of the Finance Instructions;
- That when ALL the Agency Tender Board are collectively ready to operate; and
- CEOs are advised in writing to start operating their ATB.

Unless and until the last Agency Tender Board is set up, the Minor and Major Tenders Board will continue to operate.

The approved composition of the ATBs must include:

- (a) the Chief Executive Officer or Deputy Secretary of that agency, as Chair;
- (b) a senior officer of that agency;
- (c) a representative from Government Supplies; and
- (d) two senior officers appointed by the Chief Executive Officer through invitation to other agencies.

The representative from the Government Supplies Department sits in the ATB in

his/her capacity as a procurement officer to provide advise on procurements. The other two senior officers in (d) above are to provide transparency and independence of the Board.

Agencies must ensure that board members outside of their agency have initially agreed to be nominated into their ATB before submission to the Ministry of Finance.

*Delays in the formation of the ATBs from Ministries and Departments will continue to delay the progress of the FMR and the proposed delegation of procurement authorities.*

Other changes to the composition of the Board may arise from the fact that a Board may require an expert opinion. In this case, an ATB may co-opt an appropriate specialist as a member for that particular tender. Other than this, an ATB may also appoint an Evaluation Committee to further consider and evaluate tenders on its behalf.

An Agency Tender Board Guideline was sent to CEOs – together with the Finance Circular 20/2005 setting out detailed procedures and manner in which an Agency Tender Board is to be operated.

Delays in the formation of the ATBs from Ministries and Departments will continue to delay the progress of the FMR and the proposed delegation of procurement authorities.

However, in the Circular, The CEO for Finance Mr. Paula Uluinaceva stated that "(this authority) is one of the many rewarding and challenges for ministries and departments and is in line with the gradual rolling-out of other incentives and financial authorities under the FMR."

### DCF MU AIMS TO DEVELOP DOMESTIC CAPITAL MARKET

Ensuring that an active capital market exists where traders could participate actively is also a goal of government. Capital market allows investors especially large financial and non-financial institutions to invest in debt securities that would generate returns in the medium term.

According to the Debt And Cashflow Management Unit's Director, Netani Vosa, that through the DCFMU of the Ministry of Finance, government bonds has been frequently floated to encourage bids from private individuals, public entities, financial institutions and other large corporations.

"As part of its major functions, DCFMU aims that by 2007, Fiji has a robust capital market that would bring in more local businesses and private companies to trade in corporate bonds and public securities domestically," he said.

He said that one of DCFMU's challenges in achieving this goal is to review current bond arrangements and introduce liquid debt instruments to activate trading

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# FMIS Update

## Chart of Accounts (CoA)

The new chart of accounts, which was implemented across government in August 2005, is providing early benefits and positive returns on the initial FMIS investment returns on the initial FMIS investment through improved on-line reporting abilities.

Ministries are recording their transactions according to its nature (nominal account) and raising the transaction (appropriation and cost centre) codes, which has been logically designed to cater for and reflect whole of Government transactions and reporting requirements.

An additional advantage of the new CoA is the improved on-line reporting abilities it has provided separately to Min/Depts and on a consolidated level to the Finance Ministry.

## The Proof of Concept (POC)

POC ministries are Ministry of Finance, Ministry of Education, Ministry of Women and Social Welfare & Poverty Alleviation. They have from 23 January 2006 begun using their newly implemented FMIS financial modules such as Purchasing, Accounts Payable, Accounts Receivable and Fixed Assets.

FMIS training was provided and FMIS project staff are currently providing system support to assist POC users with January transactions and ensure an effective January closure is achieved.

Ministries and departments will now record their new transactions as they occur under the new modules and automatically transfer the relevant transaction codes and costing information to general ledger. This in turn improves information flow and subsequently their reporting capabilities.

Implementation in POC ministries was completed in January 2006.

## Next Set of Min/Depts for Deployment

Deployment 1 is for the next set of 8 ministries/departments, set for

implementation from January – April 2006. They are:

- Office of the President
- Office of the Prime Minister
- Elections Office
- Ombudsman Office
- Fijian Affairs, Culture & Heritage
- Regional Development
- Ministry of Agriculture
- Agricultural Tribunal Office

Assigned "Business Champions" from these Ministries and Departments are currently deployed to Ministry of Finance from 23 January 2006 to work directly with the FMIS team. These Business Champions act as mediators of information between the FMIS Project and their respective Ministries and Departments.

It is anticipated that this coordination will produce a new level of dedication and

relevant salary related journals as soon as they are entered into the payroll system and automatically update the general ledger system.

The implementation is scheduled for early second quarter 2006, and it is expected that positive benefits will be realised through improved journal accuracies and timeliness of salary related information.

## (ii) Receipting

A new receipting application has been developed for use with the new FMIS system. Those ministries and departments that are heavily dependant on revenue collection will be capable of electronically recording and printing receipts upon collection, print a system generated bank deposit slip and where required interface with the Accounts Receivable module to create a new revenue invoice in readiness for future payment.



The new functionality will improve on the manual process currently in place and ensure that receipts are entered once only with relevant journals created in general ledger in a timely manner.

## (iii) Banklink

Arrangements with Government's banks has meant that electronic bank statements are to be initially sent to POC Ministries for upload into their respective Accounts Payable and Accounts Receivable modules.

This process will provide automatic matching and reconciliation of government deposits and withdrawals against the corresponding revenue and payment entries entered in the new FMIS modules.

This automated process is anticipated to enhance the current bank reconciliation delays prominent across Government.

cooperation in providing quality and timely FMIS implementation across Government. Major FMIS milestones to be achieved for individual implementation involve:

- Detailing separate accounting requirements;
- Providing super users with adequate training;
- Completing user acceptance testing scenarios; and
- Ensuring that sufficient system training is provided to relevant users prior to rolling out the FMIS.

## Currently in Development

### (i) Payroll Interface

Accurate, complete and timely recording of payroll related transactions is a crucial criterion for on going monitoring and reporting of principal expenditure items.

Work is currently underway to develop an interface that will automatically create

## FMIS Help Desk support

To assist with the implementation, this tool has been developed to rationalise and co-ordinate the influx of new FMIS support related calls. Government users will be given training on effectively raising FMIS support calls to designated FMIS support staff at Ministry of Finance.

# An Asset Study for Whole of Government

*Government acknowledges the need to continue to protect the value of its assets. Hence, proper maintenance of these assets is necessary. However little or no significant development has been made, given the complexity of the issue and significant resources required for a sound implementation strategy.*

As such, the Cabinet Sub Committee on the Budget (CSB) agreed that a study be undertaken to take stock of all government assets.

Bearing in mind the capacity available in ministries and departments to embark on the study, it was also agreed that external assistance be sought in this area.



The asset study is to provide a snapshot of the state of government assets. The study will:

- categorize government assets; value and records them in an asset database;
- propose an integrated policy framework; and
- propose an implementation strategy for the sound management of government assets.

For the purpose of this study, government assets will only cover “lands, buildings, vehicles and vessels”. The other categories of assets will be considered at a later stage.

Senior managers from the five agencies that currently share the responsibilities of the management of government assets formed an Asset Study Steering Committee (ASSC) to sought external assistance and also to coordinate the Study.



Tenders were for the Study Consultant were advertised and Extensive expressions of interest shown were very encouraging.

After a three-stage selection process, the CSB finally endorsed the appointment of Maxumise and Consortium to undertake the asset study, which commenced in mid November 2005.

Maxumise and Consortium has contracted BECA Consultants from New Zealand and Erasito Consultants from Fiji to undertake the study of land and buildings and vessels. StratCon from New Zealand will be undertaking the study on vehicles.

The consultants from both organizations are in Fiji and the study of land and buildings along with vehicles is currently underway. The vessels study is to commence in late January.

Ministries and Departments have already been advised through Finance Circular 15/2005 of the Asset Study and are again kindly requested to assist the Consultants and Valuers who will be visiting the various ministries shortly to conduct asset stocktakes, assessments and valuations.

This is to ensure that they come up with a proper record and value of government physical assets.

## DCFMU AIMS TO DEVELOP DOMESTIC CAPITAL MARKET

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in the secondary market and spread government debt servicing program.

“Development of a government bond market provides a number of important benefits in meeting prerequisites for the sound development of the domestic capital market.”

Mr Vosa said that at the macroeconomic policy level, a healthy market in government securities provides an avenue for domestic financing of a budget deficit and also for managing surplus cash flows – which can also help in reducing the need for direct and potentially damaging monetary financing of government deficits or avoid an over-reliance on external financing of government expenditures and the inherent risk in foreign currency denominated debt.

“Government securities can also strengthen the transmission and implementation mechanism of monetary policy, including the achievement of monetary targets of inflation objectives, and can enable the use of market based indirect monetary policy instruments”, he said.

“The existence of such a market not only can enable authorities to smooth consumption and investment expenditures in response to shocks, but can, if coupled with sound debt management, also help governments reduce their exposure to interest rate, currency, and other financial risks.”

Mr. Vosa believes that a shift toward market-oriented funding of a government budget deficit will reduce debt-service costs over the medium to long term through development of deep and liquid markets for government securities.

This shift will be more efficient with implementation of sweeping arrangement that is currently being arranged with Reserve Bank of Fiji.

# FMR's Good Practice Guide

In line with the current financial management reform, the FMR Project team with the assistance and guidance from the Pacific Financial Technical Assistance Centre (PFTAC) has developed a Guide to Good Practice Financial Management.

The guide has been developed to assist Management to better understand their tasks under the Financial Management Act (FMA) 2004 and the key elements of applying good financial management practices.

The Financial Management Act 2004 clearly sets out principles of responsible financial management, the twelve (12) specific financial management responsibilities of CEOs, the increased responsibilities of Accounting Heads - including the operation

## BENEFITS FROM USING THIS GUIDE

- 1 **Greater understanding of financial management responsibilities**
- 2 **Guidance on establishing and maintaining effective management control**

of internal controls.

The guide is primarily aimed at:

- CEOs and Senior Managers to establish an effective management control framework for their agencies including a sound financial management control environment;
- Accounting Heads and accounting officers on implementing good

accounting and financial management control practices; and

- Line Managers to better understand their role and are equipped to contribute positively to the financial management process.

For operational staff, the guide will raise awareness and understanding of the FMR, Financial Management Act 2004 and the new Finance Instructions.

This guide is presented in three parts:

- **Part I** discusses the principles and responsibilities as defined under the FMA 2004, including strengthened reporting and accountability requirements.
- **Part II** provides guidance on establishing and maintaining effective management control.
- **Part III** provides a brief regional perspective, focused on the Eight Principles of Accountability as endorsed at the 1997 Financial Economic Ministers Meeting.

According to the CEO for Finance, Mr. Paula Uluinaceva, "The Guide is not prescriptive, rather, it is intended to provide a framework for managers to encourage the review, design and implementation of appropriate management control that fits the nature, assessed risks and required performance outcomes of the agency."

"As part of the Ministry of Finance's commitment to promoting understanding and ownership of the FMR, this Guide has been developed to also supplement training initiatives for agencies", Mr Uluinaceva said.

The Good Practice guide will be circulated to Ministries and Departments through appointed FMR Change Leaders.

## Quarterly Awareness Workshops

The FMR Project Team will be conducting two major awareness workshops for 2006. The workshops will consist of presentations on the largest component of the FMR – the new Financial Management Information System (FMIS) plus updates on the new financial policy issues and implementation of other components of the project.

As well these workshops are opportunities for Ministries and Departments to share their strengths and weakness faced with the implementation of this reform.

So don't miss out on these opportunities, particularly for

officers in the Western and Northern Divisions. The venues and tentative dates are laid out in the table.

DIVISION	STATION	DATE	TIME
NORTHERN	TAVEUNI	21/02/2006	8.30 – 4.00
	SAVUSAVU	22/02/2006	8.30 – 4.00
	NABOUWALU	23/02/2006	8.30 – 4.00
	LABASA	24/02/2006	8.30 – 4.00
EASTERN	LEVUKA	28/02/2006	8.30 – 4.00
	VUNISEA	02/03/2006	8.30 – 4.00
CENTRAL	NAVUA	07/03/2006	8.30 – 4.00
	NAUSORI	08/03/2006	8.30 – 4.00
	KOROVOU	09/03/2006	8.30 – 4.00
WESTERN	SIGATOKA	14/03/2006	8.30 – 4.00
	NADI	15/03/2006	8.30 – 4.00
	LAUTOKA	16/03/2006	8.30 – 4.00
	BA	21/03/2006	8.30 – 4.00
	TAVUA	22/03/2006	8.30 – 4.00
	RAKIRAKI	23/03/2006	8.30 – 4.00

*Thank You!*

*All Finance Manuals have been finalized, approved and issued by their respective Chief Executive Officers. The Ministry of Finance wishes to thank all CEOs, Senior Managers and officers directly involved in the formulation of Agency Finance Manuals.*

**"Excellence is not a skill. It is an attitude."**  
-Ralph Marston



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