

Welcome to inside fmr

THE NEWSLETTER DESIGNED TO GIVE YOU AN INSIGHT INTO THE FINANCIAL MANAGEMENT REFORM PROCESS.

The FMR team hope that you will find the information useful in understanding the changes taking place at the Ministry of Finance and how these changes affect you and your Ministry.

We also hope that through this Newsletter, we can bring to the forefront issues of interest in relation to the reform process and answer any queries you may have.

Put very simply, the Financial Management Reform aims to improve performance and accountability in the management of government funds.

The FMR supports the Civil Service and Public Enterprise

Reforms with the overall objective of improving the delivery of goods and services to the general public.

The FMR is currently being implemented in four pilot Ministries, the Ministry of Education, Ministry of Women, Social Welfare & Poverty Alleviation, the Ministry of Health and Ministry of Finance and National Planning. These Ministries will formulate their 2005 Budgets in line with the Reform requirements.

If you have any comments or issues to raise regarding the FMR, please contact the FMR Project Office Help Desk at fmrhelpdesk@govnet.gov.fj

The Minister's view on reform

Minister for Finance, Ratu Jone Kubuabola adequately summarized Government's commitment to Public Service Reform at the Forum Economic Ministers Meeting in Rotorua in June. Below are extracts from his speech through which he recognizes that the road towards the Reform process has not been easy, but it is a road that Government will continue to travel on, until the successful implementation of the reforms.



"Overall, I would say that these setbacks, rather than deterring us from moving forward, have served to strengthen our resolve. This renewed commitment is enunciated in our Strategic Development Plan for 2003 – 2005, which sets out our vision of a "Peaceful and Prosperous Fiji." Moreover an unexpected 'silver lining' has been the clarity in which we now view the implementation of our reforms and the incremental steps that we now realize need to be taken to ensure their success.

Reforming our public service; improving efficiency in the management of funds, manpower and other resources; improving efficacy in the provision of

public goods and services; has been at the forefront of the Fiji Government's development agenda. Our reform efforts continue to underpin our quest for sustaining economic growth into the future and ensuring that the benefits of this growth reaches everyone and especially, the disadvantaged groups in our midst.

Moreover, these efforts also underpin our desire to inculcate good governance principles into the public service, into the way it is run and into the way Government policy is implemented. Clearly, economic growth can only be said to be productive and life enhancing if all benefit from it.

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Overall, the implementation of Fiji's Financial Management Reform is on track. The greatest challenge for us now is to ensure that the whole of the public sector remains committed to its successful implementation."

Message from the Chief Executive Officer

GOVERNMENT'S DECISION TO REACTIVATE THE FINANCIAL MANAGEMENT REFORM IS AN INDICATION OF ITS COMMITMENT TO IMPROVE ACCOUNTABILITY IN THE USE OF RESOURCES, AND TO INCREASE EFFICIENCY AND EFFECTIVENESS IN THE DELIVERY OF GOODS AND SERVICES TO THE PEOPLE OF FIJI.

I am delighted that the Financial Management Reform is now beginning to take shape and the production of this Newsletter is an indication of our efforts to disseminate the messages on the progress of the reform.

The Financial Management Reform will be supported by the new Financial Management Act, which will support the changes introduced in the Reform. The

provisions in the new Act have been tailored to suit and meet the requirements of Government under the reform. The FMR will see a progressive shift in the focus of accountability to the respective Chief Executive Officers, which is in line with the Civil Service Reform that is currently underway.

It is hoped that the newsletter will be a source of information on the Financial

Management Reform and will also enable the respective ministries and departments and key stakeholders to provide feedback as we move ahead with the changes. We look forward to your continued support.

Components of the FMR

The Financial Management Reform consists mainly of four components that will be implemented in stages over the next few years.

The four components are:

- Drafting and passing of the Financial Management Bill 2004
- Introducing Performance Budgeting to all government ministries and agencies
- Implementation of the Financial Management Information System
- Understanding of FMR at all levels of government

The Financial Management Bill has been drafted and will be tabled in Parliament in the August sitting. The legislation has been drafted to give legal effect to the Financial Management Reform policy framework.

Background to Financial Management Reform

In 2003, the Government in recognizing the urgency of proceeding with the reform of Government's financial management system approved a broad strategy for the FMR. The Government also requested ADB's assistance to progress the reform.

Following ADB's concurrence, the ADB appointed a lead consultant to assess the current status of reform activities and to prepare a broad framework as well as provide advice on the overall implementation of the reform. Early this year, further assistance was provided by ADB with the recruitment of a Training

Consultant to assist in developing a training strategy and work closely with newly appointed training provider, the University of the South Pacific.

In June, a local communication consultant was recruited to develop a detailed communications plan for the Reform. In addition an IT Consultant was recruited to assist in the first stage of the implementation of a new Financial Management Information System.

Government's decision to reactivate the FMR project is based on global experience and lessons learned from the region.

Steering the Reform

THE FINANCIAL MANAGEMENT REFORM IS OVERSEEN BY AN FMR STEERING COMMITTEE WHO PROVIDE STRATEGIC DIRECTION ON THE IMPLEMENTATION OF THE PROJECT.

The Steering Committee is made up of Chief Executive Officers from eight government ministries and is chaired by the CEO Finance and National Planning, Mr Tevita Banuve. The Committee meet once a month to discuss and deliberate on issues pertaining to the progress of

the Reform. Current members of the Steering Committee are:

CEO Prime Ministers Office

Mr Joji Kotobalavu

CEO Public Service Commission

Mr Anare Jale

CEO Public Enterprises and Public Sector Reform

Mr Parmesh Chand

CEO Works & Energy

Mr Anasa Vocea

CEO Fijian Affairs, Culture, Heritage & Regional Development

Ratu Meli Bainimarama

CEO Health

Dr Lepani Waqatakirewa

CEO Education

Mrs Alumita Taganisia

CEO Labour, Industrial Relations & Productivity

Mr Brian Singh

The Auditor General **Eroni Vatuloka** serves as an observer.

Meet the FMR Team

The Financial Management Reform will be implemented gradually over the next few years with the process expected to continue until 2006.

The FMR team is currently working under the overall supervision of Acting Deputy Secretary of Finance, Aisake Taito.

Technical assistance for the Reform is being provided by the Asian Development Bank who have appointed three consultants to assist the process.

The lead financial management consultant is Bob Shead who is attached to the project for a period of 12 months. David Swain is an IT Systems Specialist recruited to help select an appropriate financial system for FMR requirements. He is attached to the team for a period of four months. David Fletcher is the Financial Management Training Advisor with the FMR for three months. The University of the South Pacific is the local training provider with Ana Laqeretabua appointed local Communications Consultant.

Other members of the FMR team are:
 Vuki Ravuvu – Acting Director FMIS
 Marika Luveniyali – Principal Accountant
 Millie Low – Senior Accountant
 Emily Yalimawai – Senior Accountant
 Zakir Hussain – Senior Accountant
 Akosita Drova – Senior Accountant
 Necani Lagicere – Senior Accountant
 Seini Kacisolomone – Accountant
 Ethel Lal – Accountant
 Roneel Singh – Accountant
 Ajay Prakash – Accountant
 Mili Naroba – Acting Assistant Accounts Officer

Performance Budgeting

Performance Budgeting involves the allocation of resources to agencies based on the goods and services they provide. The new approach is being implemented on a pilot basis with the following Ministries moving ahead with the process this year for their 2005 Budget submissions.

Ministry of Women, Social Welfare and Poverty Alleviation
 Ministry of Education
 Ministry of Health
 Ministry of Finance & National Planning

The pilot ministries are expected to submit interim Annual Corporate Plans that incorporate the concepts of performance budgeting in July together with their Budget submissions. The budgetary aspect of the Corporate Plan is expected to be refined after the National Budget is finalized in November.

All ministries and agencies will be expected to submit one Corporate Plan that will incorporate the requirements of the Public Service Commission and the Ministry of Finance and National Planning.

Financial Management Information System

As part of the reform, a new Financial Management Information System will be introduced to support

- Government's current financial management requirements, which operates on cash based accounting and reporting
- The transition to accrual accounting
- The requirements of the redefined framework which entails performance budgeting and expenditure control within a more devolved environment.

The FMIS will be implemented in phases across all Ministries/Departments in Government. This phased approach is to allow the gradual building of capacity through various training programmes.

An evaluation is currently being undertaken of new Financial Management Information Systems to determine the best solution suitable for Government.

Whilst the new FMIS will continue to support the current cash-based accounting and reporting system it will also need to support the progressive move to full accrual accounting.

Understanding of the FMR at all levels of Government



The success of the Financial Management Reform is dependent upon all government ministries and agencies. All civil servants are required to change behavior in line with the Reform and to adopt a focus on performance with a clearer understanding of how individual roles affect the overall performance of government.

With the introduction of new concepts such as Performance Budgeting and also

the new Financial Management Information System, many civil servants will be required to learn new skills and understand new concepts.

An integral component of the FMR is the communication of these concepts and the upgrading of skills through training and awareness within the whole civil service.

This will be done through a rigorous consultation process, workshops, road shows and the wide dissemination of FMR updates through various communication mediums clearly outlined in a comprehensive communications strategy.

Performance Budgeting **workshop**

In an effort to familiarize government ministries and agencies with the concepts of Performance Budgeting, the Ministry of Finance hosted a 7-day workshop for all government ministries and agencies in June.

The workshop updated senior government officials on the 2005 Budget Strategy and baseline budget and provided them with the concepts of performance budgeting and how these concepts were to be incorporated into Annual Corporate Plans as part of the Reform process.

The workshop also enabled the Ministry of Finance team to obtain feedback from the ministries on the implementation of the FMR.

Acting Director Budget Management, Paula Uluinaceva and Acting Deputy Secretary, Aisake Taito were at hand to respond to the various issues raised with regards to the budgeting process.

In response to the issues raised at the workshop the Ministry of Finance and National Planning team are expected to hold further in depth consultations with respective ministries as part of the Budget and FMR process.

BROAD IMPLEMENTATION PLAN 2004-2006

2006

Policy Implementation

- Progressive reporting on assets & liabilities

2005

Policy Implementation

- Submission of Annual Reports
- Performance Budgeting for other agencies

FMIS

- Complete agency roll-out

Skills

- Training program

2004

Legislation

- Financial Management Act
- Finance Instructions

Policy Implementation

- Performance Budgeting for pilot agencies

FMIS

- Select new system
- Pilot implementations

Skills

- Select Training Provider
- Training Needs Analysis
- Training Program

TIMELINE FOR 2005 BUDGET PREPARATION

| | |
|---|-------------------|
| Budget Strategy | March |
| Update/Baseline Phase | May |
| New Policy Phase | July 15th |
| Final Consultations with Ministries/Depts | September |
| Production Phase | Early November |
| Parliamentary Phase | November/December |

Know your **Change Leaders**

The following have been identified as Change Leaders within the respective ministries, responsible for assisting with the introduction of the FMR within the ministries.

| NAME | DESIGNATION | MIN/DEPT |
|--------------------------|--------------------------------|---|
| Apenisa Matairavula | A/Director Admin. Finance | Education |
| Paula Taukei | A/Deputy Secretary | Agriculture, Sugar & Land Resettlement |
| Asaeli Tamanitoakula | Director Corporate Services | Health |
| Seremaia Tuiteci | A/Director Corporate Services | Prime Minister's Office |
| Sakeasi Cagica | Principal Assistant Secretary | Justice & Attorney General |
| Josefa Matau | Director | Youth, Employment Opportunities & Sports |
| Mataiasi Lomaloma | Deputy Secretary | Fijian Affairs |
| Timoci Rasovo | Deputy Secretary | Transport & Civil Aviation |
| Laite Cavu | A/Dir. Management Improv. Div. | PSC |
| Dharam Lingam | Director | Local Govt, Housing, Squatter Settlement & Environment |
| Jone Vukikomoala | A/PAO Administration | Foreign Affairs & External Trade |
| Saverio Baleikanacea | Deputy Secretary | Home Affairs, Imm. & National Disaster Mgmt |
| Keresoni Baleidrokadroka | Director | Tourism |
| Ana Naivakasoro | Director | Public Enterprises & Public Sector Reform |
| Eliki Bomani | Deputy Secretary | Information, Comm. & Media Relations |
| Abdul Wahid | Principal Admin Secretary | National Reconciliation |
| Kenneth Brown | Accounts Officer | Ministry of Labour, Industrial Relations & Productivity |



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