

Implementing the new cash flow forecasting system



Above: Isikeli Vocedua, Principal Accountant, Debt & Cashflow Management Unit

Cashflow forecasting has been introduced in Government by the Ministry of Finance's Debt & Cashflow Management Unit (DCFMU) for better cash management and enhance cashflow requirements across the whole of government. With better forecasts, public funds will be prudently utilized which will minimize borrowings.

Implementation Period

April & May are the trial period to test the accuracy of the forecast. However, given that there has never been any cash flow forecasting in Government, this exercise is expected to take some time.

Cash flow template

To test the new system, cashflow templates were downloaded to Min/Depts. The DCFMU team will conduct follow up visits to assist those that have teething problems with using the template.

Submission of cash flows

Min/Depts are to submit their cashflows as required under the Finance Instructions. Consistency in submission is very important. Follow up on those that have not submitted their cash flows will begin on 4 April 2005.

Accuracy of the cash flows

Once the Ministries have consistently submitted their cashflows, it is expected that accountants in Ministries & Departments would by then have set systems in place for obtaining information from the different activities while compiling their forecast. The desk officers will need to check and work on the accuracy of their forecast. A comparative analysis will be carried out on the projected and actual cashflows.

Coordination With Ministries

DCFMU has established a network with all accounting heads of respected ministries to ensure the success of the cashflow forecasting system. With the exceptions of few ministries that have yet to log online, cooperation from the wider public sector has improved significantly.

Way Forward

The Cashflow forecasts can deliver the maximum benefit required if there is support from all Ministries & Departments. Awareness workshops will be extended to the Divisions.

Presentations, primarily targeting accounting staff of Ministries and Departments have been completed. However, requests for further presentations can be made to the Director, Debt & Cashflow Management Unit at the Ministry of Finance.

Achieving FMR-A CEO's Experience



Ms. Emele S Duituturaga, Chief Executive Officer, Ministry of Women, Social Welfare & Poverty Alleviation.

As a pilot Ministry for the Financial Management Reform, it has been a real opportunity for our ministry to seriously come to grips with the output based budgeting approach. As a social development focused portfolio, our planning approach has been largely activity oriented. With the FMR, we have had to focus on outputs and outcomes in the past. This has required a paradigm shift in our mindsets and to apply greater discipline to being more prudent and efficient in managing our finances. Thanks to the Ministry of Finance, staff have had ample training and awareness on the overall FMR framework, which enabled us to produce our financial manual within the given timeframe. We have taken a participatory approach involving management and staff in this change process leading to some increased motivation and greater ownership by all to achieve the reform.

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The Reform Through the eyes of a Change Leader

by Josefa Matau - Ministry of Youth & Sports

The Director, Youth & Sports, Mr Josefa Matau says, "that the Financial Management Reform (FMR) is the best thing that has ever happened in Government, in a long time. For some time now, civil servants have been criticized, though at times unfairly, for wasting time and resources in delivering goods and services to the general public. The expected changes to be brought about by this reform will definitely improve customer service, an important area that badly needs drastic changes".



Mr. Matau is the Ministry of Youth and Sport's Change Leader and has spent some 30 years in the Civil Service. He was in the teaching profession and has worked in three other Ministries before joining his present Ministry.

He added that in improving these services, we need to work hand in hand with the changes and be aware of our roles and responsibilities under these changes.

Mr Matau says," that he enjoys his role as Change Leader for the Ministry of Youth & Sports. Change Leaders need to be proactive in facilitating all the necessary prerequisites to the changes brought about under the reform". They need to continuously update officers in their ministries and departments on the changes and how best to accommodate such changes in their daily work, hold regular meetings with their officers and

give them regular updates as well. He adds, "there is a need to "think outside the box" and be creative using available resources in implementing these changes".

The Director Youth & Sports agrees that the adoption of the FMIS system will lead to better resource management, which in the long term will benefit government as a whole. All civil servants should be held accountable for any non-compliance to rules and regulations adopted by the reform.

The biggest challenge he sees in Change Leaders and Management in Ministries and Departments is the need to change the work culture, and approaches, prevalent in the civil service. He agrees, "it is of great priority now to change the mindset and comfort zones of civil servants if the reforms are to be successful." The onus is on all supervisors to take the lead role and the whole service to follow suit in proactive hands-on support for the Reform.

FINANCIAL MANAGEMENT REFORM TRAINING

USP, the FMR training provider, continues to conduct training to support the implementation of the Financial Management Reform.

For the first quarter, USP has delivered training on:

- Finance Instructions, Manual 1 & Manual 2 courses for various Min/Dept;
- FMR Training Auditor General's Office;
- Performance Budgeting courses for officers involved in formulating budgets.

FUTURE COURSES

The following courses have been tentatively scheduled for the year:

Period	Program
End of May	Performance Budgeting for Budget Focus Groups *
June/July	Training for Trainers Internal Control FMIS - New Chart of Accounts SSA FM Applications for FMIS team Basic computer assess for end users of the four pilot ministries
August	Business Planning
November	Annual Reporting

* Performance Budgeting for Budget Focus Groups is:

- a two-day session course;
- intended for senior managers responsible for performance budgets specifying outputs and looking at the relationships between performance budgets, Annual Corporate Plans and Strategic Plans.

Nomination forms for this course have been sent to Ministries and Departments. Please send in your nominations as soon as possible to ensure your participation.

For further details on the training please contact our Training Officer, Joana Koroituinakelo: 322 2181 or mail to: jkoroituinakelo@govnet.gov.fj

Benefits of an Integrated FMIS across Government of Fiji

The new Financial Management

Information System (FMIS) will transfer manual transaction accounting to an integrated and automated FMIS across Government. Numerous processing and efficiency benefits should be realized via the new FMIS through :

- A system driven budget control and adherence mechanism;
- Improvements in organizational processing efficiencies through automation of manual processes and General Ledger, in turn creating data consistency and accuracy of financial information across Government;
- Improved methods of financial and management visibility thus fostering accountability across all management levels within Government backed by accurate and timely statutory reports for submission to Ministry of Finance;
- Integrated FMIS fostering accurate and timely management reports that will better equip Chief Executive Officers with a control and monitoring mechanism, ensuring that sound financial governance is adhered to, thus meeting one of their key performance deliverables identified within their performance contracts.

Cash Based Accounting and Accrual Plans

The new FMIS will be implemented with Government's cash based accounting requirements in mind. However, the envisaged move to accrual accounting, as part of the FMR initiatives over the course of next 5 years will be accounted for in the system design to allow for means of moving to an accrual environment later.

Chart of Accounts

The chart of accounts (CoA) is the backbone of all financial systems. Basically, it is the string of numbers that form an account number and is structured in such a way that it captures the reporting requirements of an agency. Financial reports are required by management within ministries/

departments and also by Ministry of Finance and other stakeholders.

The CoA determines the type of reports that the system is expected to generate. The following questions need to be considered when developing CoA:

- What reports do you want to prepare?
- What financial decisions, evaluations and assessments do you need to make on a regular basis?
- What level of detail do you require?
- What is your capacity of tracking financial information?

The current CoA provides limited reporting ability and there is limited flexibility and scope for improvement as Government heads towards improved management reporting needs and an accrual reporting at a later stage.



The FMIS team in discussion.

The new system general ledger module which allows for multiple dimensions meeting all requested user requirements and will expand and improve on the capacity of data and information collection, for improved reporting and management decision making.

Ministries/Department involvement critical in developing CoA

In the first 6 months of this year, apart from other tasks required for setting the stage for the rolling out of the core financial

modules, the FMIS team together with SSA Global Technologies Inc, the supplier of the software, are designing a new CoA that will accommodate the reporting needs of ministries/departments as well as for the whole-of-government as required under the Financial Management Reform. In this regard, discussions are currently being held with all ministries and departments on their reporting requirements so that these are considered in the development of the new CoA which will be standard across government and at the same time, flexible enough to allow generation of specific reports required by each ministry /department.

FMIS Implementation Approach

The table below is a four - phased implementation approach that is being considered in rolling out the new FMIS across Government.

Challenge

The biggest challenge for FMIS is ensuring that it is implemented successfully, sustainably, and effectively provide the anticipated benefits.

This will depend greatly on Ministries/Departments to commit relevant and dedicated staff to implement and manage the system within individual Ministries/Departments.

The new FMIS, if implemented and managed well will significantly improve the current reporting mechanism. This will be possible through more automated accounting processes, which allows integration of data to provide efficient and more accurate reporting for management decision-making within Ministries/Departments as well as whole of government level.

Broad FMIS Roll Out Plan

Phases	Particulars	Implementation Timeline
1	Implementation in the 4 pilot ministries	July – October 2005
2	Implementation in the first 8 Ministries	Nov 2005 to April 2006
3	Implementation in the second set of 8 Ministries	May 2006 to Oct 2006
4	Implementation in the last lot of 8 Ministries	Nov 2006 to Apr 2007

Performance budgeting

The Budget Division of the Ministry of Finance and National Planning is currently examining options to expand the implementation of principles of performance budgeting across all Budget dependent agencies.

In the 2005 Budget, four pilot ministries, including the Ministries of Health, Education, Finance and National Planning, and the Ministry of Women, Social Welfare and Poverty Alleviation began incorporating performance indicators and performance

targets in the Output Summaries of their respective Expenditure Heads in the 2005 Budget documents. Over the coming months, the Budget Division is considering the inclusion of a Budget document that is intended to supplement the appropriation of funds with performance data across all ministries.

This will necessitate the preparation of performance indicators for all outputs across all Budgetary Programmes and their associated Activities. Extensive discussions will therefore be required between central agencies and line agencies in establishing which performance indicators should be included in the 2006 Budget.

In determining the extent of performance indicators that are included across Activities, agencies will need to examine their capabilities to gather relevant statistical data to measure the performance of their various Activities.

Performance indicators are intended to measure the efficiency of agencies in implementing Activities and the efficiency of Activities in achieving desired outcomes consistent with Government's stated policies and priorities. It is expected that the comprehensive implementation of performance budgeting principles will require a number of years to complete, but this will be an important first step in raising the awareness of personnel in respect of the various issues that need to be addressed to properly implement performance based budgeting.

TECHNICAL ADVISOR TO REVIEW ACCOUNTS



TMA Review

Team (from left)

Standing: Josua

Rabukawaqa,

Salaseini

Kurusiga, Anjani

Prasad, Irimaia

Rokosawa

Sitting: TMA

Consultant, Ravi

Chand

Change Factory was awarded the consultancy contract to review the Trading and Manufacturing Accounts (TMA) operations for government. Ministry of Finance is very grateful for the Australian government and AusAid for funding the review. Change Factory is represented by Mr Philip Ryan, Mr Ravi Chand, Mr Kevin Dwyer and Mr. Michael Dwyer.

The review will identify the weaknesses in the current TMA system and recommend approaches that would strengthen the current system. Some of the critical areas that would be addressed in this review are the adoption of generally accepted financial statements for all TMAs, development of user manual for all TMA operators, market analysis and monitoring mechanism for responsible agency.

QUOTE

The pessimist sees difficulty in every opportunity.
The optimist sees the opportunity in every difficulty.

Winston Churchill



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