

**FINANCIAL MANAGEMENT REFORM CHANGE LEADERS**

**FMR IMPLEMENTATION UPDATE**

(For Information)

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**1.0 Introduction**

- 1.1 This paper provides an update of the FMR implementation progress, focusing on the major components of FMR.

**2.0 Finance Manual**

- 2.1 The new financial authorities delegated to Chief Executive Officers (CEOs) on virement authority and write-off of losses have been deferred to the end of May 2005 as ministries and departments have yet to complete their Finance Manual.
- 2.2 Finance circular 4/2005 requires those ministries that have yet to submit their first draft of the finance manual, to submit their draft finance manuals to the Ministry of Finance for review by 30<sup>th</sup> April 2005. The FMR team will review the manuals from the individual ministries before it is finalised and issued by the CEO.
- 2.3 The team expects forty nine (49) finance manuals from ministries and departments, and at present there are still fourteen (14) finance manuals outstanding. The review team is expected to complete their review and finalise all the manuals by the mid May 2005.
- 2.4 The steering committee is requested to note that the progress depends on Ministries turn around time in responding to issues raised by the team in the review of their finance manual.

**3.0 Change Management**

**3.1 Communication**

**3.1.1 Newsletter:**

The fourth issue of the FMR newsletter is being finalised for printing.

**3.1.2 FMR Awareness Program**

The FMR team is expected to have an awareness program scheduled for the North, West and Central divisions in June and November 2005 as part of its

awareness program. This will cover the progress made to date, with the risks and issues that needs to be addressed.

In addition the team will continue to give presentations to ministries and departments upon request. This will also cover an update progress on the reform in general.

### 3.2 **Training**

3.2.1 **Table 1** below shows the training undertaken by the University of the South Pacific since December 2004.

**Table 1 USP Courses**

<b>Course</b>	<b>Date</b>	<b>No. of Participants</b>
Financial Management Act Instruction & Manual	December 2004	350
Finance Instructions, Manual 1, Manual 2	Jan & Feb 2005	350
Training for Auditor General's Office	February 2005	56
Performance Budgeting	29/3 –1/4/2005	150

In summary, a total of 900 participants attended all these courses with a 100% turnout noted for the Performance Budgeting course held earlier this month. In utilising USP, FMR has paid \$150,000 for all these courses.

3.2.2 The FMR has also finalised the training schedule for the forth-coming courses with USP and details are shown below.

**Table 2 Future Courses**

<b>Course</b>	<b>Tentative Date</b>	<b>Course Provider</b>
Budget Focus	May	USP
Training of Trainers	July	USP
Business Plan	August	USP
Annual Report	November	USP
FMIS	To be decided	Systems Provider

### 4.0 **FMIS**

4.1 The following activities as highlighted in last meeting's update report are in progress.

- (i) The upgrade of the current Masterpiece General Ledger 1.3 environment to the new FMIS (SSA FM 2.0) is in progress and training on the new SSA

FM has been conducted for the users who are going to train the end users on the new features of the system;

- (ii) Housekeeping on the newly upgraded SSA FM General Ledger;
- (iii) Development of a new Chart of Accounts across Government;
- (iv) Development of standards to be used by each ministry/department during the deployment of the SSA FM 2.0 applications.
- (v) Development of the Project Charter Report
- (vi) Development of a detail project plan

Work timetable for each of these major tasks have been developed and are strictly monitored to ensure that completion timelines are met.

- 4.2 To support the eventual roll out of the FMIS solution, necessary hardware infrastructure has to be put in place. In this regard, a tender for the supply of hardware infrastructure including desktops, servers, UPS and Network equipment was organised by ITC Services and is awaiting the Major Tender Boards' approval. The hardware infrastructure is to be set up and configured before the FMIS is rolled out to the initial four pilot ministries.
- 4.3 As the FMIS implementation is now gaining momentum, it is intended that a progress report will be circulated amongst the members prior to the meeting for evaluation. The FMIS progress report will entail major project milestones that are completed and are in progress, the upcoming milestones and activities, issues and risks and any other related FMIS matters, as supporting documentation.
- 4.4 The FMIS Project Charter has been circulated for steering committee review and approval along with the FMIS project plan. This item will be discussed as a separate item on this meeting's agenda.

## **5.0 Risks and Issues**

- ❑ The need for Ministries to cooperate and commit staff to oversee and coordinate FMR activities within individual ministries to avoid delays in moving forward with planned FMR implementation set by the Ministry of Finance.
- ❑ Failure to respond to requests made by the FMR unit within the timeline given, delays the implementation of components of the FMR. An example is the delay in the submission of Finance Manuals from Ministries/Departments, which has resulted in the delaying of the delegation of authorities to CEO. This can also turn out to be a disincentive for those ministries who are keen in moving forward with the changes.
- ❑ Inadequate capacity in FMR/FMIS and the need to build capacity in the FMR project team to avoid excessive reliance on consultants. This is being addressed through on- the job training, whilst working closely with consultants and the

development of a training plan for officers to enhance skills and knowledge on relevant areas of interest relating to the changes brought about by the reforms.

- The reform needs more involvement and commitment of CEOs and Change Leaders in spear heading the reform from their own ministries and departments. Regular workshop for Change Leaders will ensure that they are aware of their roles and responsibilities.

## **6.0 Broad Implementation Plans**

Attached, as **Annex 1** is the broad implementation timelines for the FMR. The committee is requested to note the changes to the delegated authorities to CEO and major timelines in terms of annual report and the systems supplier's implementation time frame in rolling out FMIS.

## **7.0 Recommendation**

7.1 The FMR Change Leaders are invited to:

- (i) note the progress as highlighted in the paper.

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**20<sup>th</sup> April 2005**