

FMR - CHANGE LEADERS BRIEFING IMPLEMENTATION UPDATE

(For Information)

1.0 New Finance Management Bill

The Finance Management Act was assented by the President on 4th November 2004 and will come into force as from 1 January 2005.

1.1 Under the *new Finance Act*, *CEOs will be responsible for:*

- the effective, efficient and economical management of the agency;
- ensuring that money and property are properly accounted for, with an effective system of internal control;
- preparing the Annual Corporate Plan, Annual reports and will include audited financial statements for the agencies; and
- preparing and issuing a Finance Manual using the proforma Manual provided the Ministry of Finance.

2.0 Draft Finance Instructions

- The draft Finance Instructions and Proforma Finance Manual has been finalised and was presented to Cabinet in its sitting on Tuesday 14 December 2004.
- The ***Finance Instruction is brief***, as it captures what is reflected in the Finance Act 2004.
- The ***Finance Manual is more detailed showing the specific procedures and processes which will be “tailor made”*** to suit the agencies nature of operations. It will be the CEOs responsibility to ensure that a Finance Manual is developed and maintained for the agency.
- For CEO, the ***Finance Instruction and Manual specifically states the authorities of CEO*** in areas of:
 - Expenditure authorities & limits
 - Virement authorities
 - Procurement authority including the setting up of Tender Board authorities
 - Authority to Write off losses and the limits
 - Revenue retention

- **Phasing of authorities:** The CEOs authorities will be phased out and will be given to CEO progressively in stages. The stages together with the accompanying authority will be as follows:
 - **1st Quarter** – Agencies completes their Finance Manual and are **given authority to vire funds and approve write off losses in the 2nd Quarter.**
 - **2nd Quarter** – Agency set up the Agency Tender Board and put in place Internal Controls. In return agencies are **given the increases in procurement level and the approval to operate the Tender Boards in the 3rd quarter**
 - **3rd Quarter** - Agencies prepare revenue retention policies according to Ministry of Finance revenue retention policies. In return the **agencies are given authority to retain some entity revenue in the 4th Quarter.**
 - **4th Quarter** - Agencies should have all the authorities.

3.0 Change Management

3.1 Training

- The University of the South Pacific had implemented its training program from **29th November - 10th December 2004**. There are four (4) courses in the training program:

Course Title	Dates	No. of sessions
Finance Act	Nov 25-27	3 half-day sessions
Finance Instructions	Nov 30 – Dec 8	7 full-day sessions
Finance Manual 1	1 – 9 Dec	7 full-day sessions
Finance Manual 2	2 – 10 Dec	7 full-day sessions

- The **second phase of the course will be held from 18th January 2004**. The course outline, course materials and the nomination forms will be sent out together with a personal questionnaire to the officers nominated for training.
- USP is requesting that the respective ministries:
 - **Ensure that the right people are selected for training,**
 - **That people nominated turn up for training at their scheduled time.**

These are USP's major concerns based on the first session of training that was held.

3.2 Communication

As part of the communication process to create awareness on FMR:

- **Newsletters:** The third issue of the FMR newsletter has been circulated together with the FMR Policy Framework Booklet.
- **Website:** The team will also continue to update the **web page (available on the Ministry of Finance web site)** and will include the latest developments on the FMR including the FMR newsletter, and the Finance Act.
- **Change Leaders:** The final Change Leaders briefing will be held on Thursday 16th December 2004.
- **FMR Awareness Briefing Program:** The FMR team has concluded its FMR awareness briefings in the North, Western, Central divisions and also Ovalau. Similar presentations and further update will continue to be held for Ministries/Departments upon request.
- **FMR Guide books:** Guide to FMR Framework has been printed and is in the process of being distributed. The other two guide books that will be printed by the end of the year are:
 - Frequently Asked Questions on FMR
 - Guidebook to the Financial Management Act 2004

4.0 Performance Budgeting

- The **four (4) pilot ministries** have included their outputs and outcomes in their Performance Statements for the 2005 Budget. This exercise will be rolled out to other Ministries and Departments from next year.
- Meetings were held with PSC to discuss common issues regarding the Key Result Areas and a **common Annual Corporate Plan template that will reflect both the approved budget from Finance and PSC requirements**. Both the teams agreed that a combined presentation be made to all ministries in 2005.
- **Training on Performance Budgeting** will be undertaken by USP and will be held in the second quarter during USP's mid semester break of the first semester in 2005.

5.0 FMIS

- Cabinet had endorsed on 16th November 2004 that **SSA Global Inc.** be selected as the preferred supplier for the Financial Management Information System for whole of Government.
- The supplier worked with the FMIS Team carrying out a **Scoping Exercise** to establish the implementation strategy for rolling out the FMIS and to establish the number of users that need to be trained on each of the eleven (11) modules that will be implemented.
- This was undertaken through **interviews with Accounting Heads and a questionnaire** that was designed by SSA Global. The questionnaire was designed to capture all the different accounting processes within each Ministry/Department and to see how well the new FMIS can meet these requirements. The interviews were completed on Friday 3rd December and SSA Global is expected to produce a report on the Scoping Exercise on week ending 17th December 2004.

6.0 Broad Timelines

- On the **implementation of the major components** of the reform:
 - Finance Management Act 2004 - January 2005
 - Finance Instructions & Manual – January 2005
 - FMIS – January 2005
 - Performance Budgeting – effective in all ministries in 2005

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