

**FMR CHANGE LEADERS BRIEFING**

**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 New financial authorities will be delegated to Chief Executive Officers (CEOs) on a gradual basis. These authorities will not be delegated unless CEOs carry out certain requirements, the first of which is the preparation of finance manuals.
- 2.2 Finance circular 14(2004) required ministries to submit their draft finance manuals to the Ministry of Finance for review by 15 February 2005. A committee was formed to review the manuals from the individual ministries. This committee comprises of officers within the Treasury, Internal Audit, Budget and FMR sections of the Finance Ministry.
- 2.3 The team is expecting thirty-seven (37) finance manuals from ministries and departments and only twenty-four (24) draft manuals have been received to date. These delays hinder the delegation process across government, as this process cannot begin unless all Chief Executive Officers have issued their manuals. The FMR team has put in place measures to assist ministries develop their manuals. This assistance is in the form of a pro forma Finance Manual supported with training provided by the University of the South Pacific and the assistance from the FMR team when required.
- 2.4 The authorities to be delegated in the first quarter are virements authority and the write-off of losses, which is subject to the approval and issue of finance manuals by 25 March 2005. Ministries with outstanding manuals need to submit them as soon as possible to enable the delegation of virements authority and write-off of losses by April.

### **3.0 Change Management**

#### **3.1 Communication**

- 3.1.1 **Newsletter:** The fourth issue of the FMR newsletter is being finalised and will be printed by mid-March.
- 3.1.2 **FMR Awareness Program:** The FMR team will continue to give presentations to ministries and departments upon request. This will cover awareness on the reform including an update progress on the Act, Finance Instructions and Manual, Performance Budgeting and Communication.

#### **4.0 AusAID Consultancies**

- 4.1 Advertisements were placed in the Fiji Times and the Daily Post newspapers for the Consultants under the FMR for the following areas:
- (i) Accounting Advisor;
  - (ii) Performance Budgeting;
  - (iii) Review of Government Business Entities; and
  - (iv) Internal Audit.

These consultant posts are being funded by AUSAID and are short-term posts ranging between three (3) and six (6) months.

- 4.2 A three-member evaluation committee comprising of representatives from AUSAID, the Public Service Commission (PSC) and the Ministry of Finance was formed to evaluate the applications received.
- 4.3 The evaluation committee is in the final process of selecting the successful applicants for the consultant posts in the areas of Performance Budgeting and the Review of Government Business Entities. This is subject to the finalisation of the contract with the Solicitor Generals office.
- 4.4 The post of the Internal Audit Consultant was advertised with the Accounting Advisor consultant post re-advertised in the Fiji Times and Daily Post on 26 February, 1 March and 4 March 2005 respectively.
- 4.5 The funding agreement between the Australian Government and the Fiji Government under the AusAID for A\$450,000 was signed on 9<sup>th</sup> March 2005.

## **5.0 FMIS**

- 5.1 Mr. Sasha Cigljarovic has been appointed as Project Manager for the implementation for the whole of Government. The contract that is for a duration of 2 years was signed on 1<sup>st</sup> March 2005.

The Project Manager will be dedicated exclusively to the implementation of the FMIS, and will manage and maintain control of the entire project including deliverables, cost, schedule/tracking and quality of the project.

- 5.2 The engagement of the Project Manager is necessary as expertise within Government is not readily available in this area and none have the in depth experience in implementing a new FMIS of this magnitude. Whilst the implementation skills could be provided completely by the supplier, this carries the risk that the implementation would be driven to suit the priorities (and profitability) of the supplier and not the Government. To alleviate this risk and to ensure that Government's interest is protected and that the FMIS implementation team is closely involved in the implementation, a Project Manager with previous implementation experience in this area is needed to lead the team.

- 5.3 The FMIS Project Manager in consultation with the SSA Global Project Manager is currently developing a FMIS Project Statement, which sets out the charter of the Project, including the implementation approach, resources, milestones, risks and other relevant details. Both Managers will also discuss and develop the necessary tools for project tracking and project management, which will allow timely and standard reports at various intervals of the project life. This will be tabled to the FMR Steering Committee in its next meeting.

### **5.4 Status of FMIS implementation:**

- 5.4.1 The preliminary stage of the implementation is underway and entails a number of major tasks that would set the platform for the rolling out of the new SSA system to ministries. These tasks, which are targeted to be completed by end of June this year, include:

- (i) upgrade of the current Masterpiece General Ledger 1.3 environment to the new FMIS (SSA FM 2.0). This has been successful in the test environment on the existing database;
- (ii) housekeeping on the newly upgraded SSA FM General Ledger. The database has been tidied up and approximately 3.5 million (over 50%) have been removed;
- (iii) review, redesign and introduce a new Chart of Accounts; and
- (iv) development of standards to be used by each ministry/department during the deployment of the SSA FM 2.0 applications.

5.4.2 Subject to further confirmation, a tentative four (4) phased broad implementation approach is being planned. The first phase will involve the rolling out of the new system to the four (4) pilot ministries targeted from July 2005 onwards and subsequently followed with the next three (3) phases involving in each phase eight (8) ministries until all are completed by mid –2007. This will be confirmed in the Project Statement.

## **6.0 Recommendation**

6.1 The FMR Change Leaders are invited to:

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

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March 2005