

*2007 IGCFM Winter Conference
Financial Management
Information Systems*

Context and Conditions for Success





Areas for Discussion

- **Leader or Follower**
 - *How does FMIS fit into the larger Public Financial Management Reform Program?*
- **Getting Started**
 - *What to put into place before charging ahead or*
 - *How to avoid the “common” problems of failure?*



Leader or Follower

- **FMIS includes some or all of:**
 - *General Ledger (Budget Control and Reporting)*
 - *Accounts Payable*
 - *Procurement*
 - *Fixed Assets*
 - *Payroll / Human Resources*
 - *Cash Management*



Leader or Follower

- **FMIS includes some or all of:**
 - *Budget Development*
 - *Debt*
 - *Inventory*
 - *Macroeconomic Forecasting*
 - *Purchasing (Bids, Purchase Orders)*
 - *Web Links*



Leader or Follower

- **Why FMIS?**

- *Better control over budget*
- *Up-to-date financial information*
- *Transparency of information*
- *Enhanced efficiency*
- *Ability to decentralize functions and processes yet maintain overall control by Ministry of Finance*



Leader or Follower

- **Public Performance Measurement Framework**
 - **Credibility of the Budget**
 - **Comprehensiveness and Transparency**
 - Policy-Based Budgeting
 - **Predictability and Control in Budget Execution**
 - **Accounting, Recording and Reporting**
 - External Scrutiny and Audit



Leader or Follower

LEADER !!!!!



Getting Started

- FMIS projects are complicated, labor intensive and high risk.

**WHAT CAN GO WRONG
WILL GO WRONG**



Getting Started

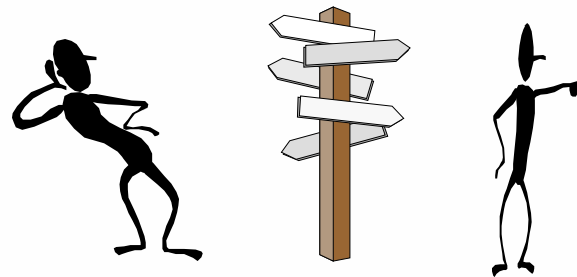
- **Understand and Plan for Your Risks**
 - *Political Environment*
 - *Expertise*
 - *Hardware / Software*
 - *Organization / People*
 - *Funding*
 - *Chart of Accounts (Transaction Coding) and Business Processes*



Getting Started

- **Mission, Objectives and Vision**

*Develop a **common mission, project objectives and vision** of where you want to go, or you will be pulled in **MANY** directions*





Getting Started

- **Mission and Objectives**

The mission statement should simply and clearly lay out the goals and priorities for the project, for example:

To select and install new financial software to support the functions of general ledger, accounts payable, commitment control.



Getting Started

- **Mission and Objectives**

- *Project Objectives Should*

- Minimize conflict by establishing project objectives.
 - Control project direction, participant expectations and, ultimately, project costs.
 - Clearly lay out what you want to achieve and the parameters to which the project must conform.



Getting Started

- **Mission and Objectives**

Examples of Objectives

- *To support the vision of decentralized responsibility.*
- *To improve the quality of financial information.*
- *To minimize development and maintenance costs through no customization and the use of workarounds.*



Getting Started

- **Feasibility Study**

- *What is the full cost, both internal and external, of this project?*
- *Can we afford the goals and objectives or should they be revised?*
- *Do we have the expertise in-house or do we need to look outside?*
- *Should we build or buy?*
- *Should we phase the implementation?*



Getting Started

- **Feasibility Study**

- *Design and Development Costs*

- Hardware Including Back-Up Systems
 - Software and Interfaces
 - Consultant Support
 - Communication
 - In-House Project Team / Knowledge Transfer
 - Training



Getting Started

- **Feasibility Study**
 - *On-Going Costs*
 - Hardware Replacement
 - Software Maintenance and Upgrades
 - Communication Costs
 - Maintenance Support
 - Training



Buy Versus Build

- **When Might Build Be Preferable**
 - One of a kind application
 - Limited functionality
 - Interim (2-5 years) to transition from manual or spreadsheet logs
 - Small number of users
 - Lower cost than purchased software



Buy Versus Build

- Problems With Build
 - Often over budget and not on time
 - Understanding of government functions by the technology staff developing the solution is limited
 - Limited controls built into the system (internal edits and audit trails)



Buy Versus Build

- Problems With Build
 - Future requirements not or ill considered so system has limited capability to expand, accommodate needed changes or integrate with other systems
 - Testing not always adequate so many problems upon implementation



Buy Versus Build

- Transition to GFMIS
 - When transitioning to a GFMIS, there will be few circumstances which justify development.



Obtaining Knowledge

- Conferences
- Vendor Demonstrations
- Research



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