

# **MINISTRY OF FINANCE LIBERIA**

## **IFMIS IMPLEMENTATION UPDATE – 31 MARCH 2010**

### **1. Introduction**

The Government of Liberia (GoL) has commenced the implementation of the Integrated Financial Management Information System (IFMIS). The government signed the USD 3.7 million IFMIS grant agreement with the World Bank on 24 February 2009 and the grant became effective on 20 March 2009. The IFMIS project is for 3 years and will initially involve the supply, installation and commissioning of the IFMIS at the Ministry of Finance (MoF) and the Human Resource Management Information System (HRMIS) at the Civil Service Agency (CSA). Connectivity will also be provided to the General Services Agency (GSA) and General Auditing Commission (GAC) for fixed assets management and auditing purposes respectively. There will also be interfaces with the Central Bank of Liberia, the Integrated Tax Administration System (ITAS), ASYCUDA and the Debt Management System. The initial phase of the implementation involves deployment of the core modules including General Ledger, Purchasing, Accounts Payables, Budgeting, Cash Management, Accounts Receivable, and the Payroll and Human Resource Management information System. The system is expected to ‘Go-live’ on 1 July 2011.

The past one year has been a very busy one for the IFMIS implementation team. The team has been able to make remarkable achievements in number of areas.

### **2. Project management and support arrangements**

The team has put in place the Project Charter for the IFMIS implementation. The Charter specifies the objectives of the project, project management arrangements, communication plan, change management approach, cost and time scales.

The team has also set up an operational IFMIS Project Office. The office was set up from scratch and is now fully operational. The IFMIS implementation structures were also put in place including the Project Steering Committee, Project Management Team and the various Workgroups. The workgroups include Application Implementation work group, Training and Change Management workgroup, ICT workgroup, Audit and Security Workgroup, Procurement and Contracts management workgroup, Payroll Implementation workgroup and the Budget Implementation workgroup.

The Project Steering Committee (PSC) is the supreme decision making organ and it meets every 3 months. It is chaired by the Deputy Minister for Expenditure and Debt Management and the other members comprise all the Deputy Ministers, Assistant Minister for Expenditure and Debt Management, the Comptroller and Accountant General, Deputy Comptroller Generals for Accounting Services, Payroll Services, Treasury Services and Technical Services, Director General (DG) of Debt Management, and the Director for the Macro-Fiscal Unit. The other members are DG Civil Service Agency, Director of Banking Central Bank of Liberia, Director General General Services Agency and the Deputy Auditor General from the General Auditing Commission. The selected IFMIS vendor will also sit on the PSC.

The Project Management Team (PMT) is comprised of the Project staff, Consultants and GoL employees from the key institutions involved in the implementation which include Ministry of

Finance, Civil Service Agency (CSA), General Auditing Commission (GAC), and General Services Agency (GSA). The PMT meets once a week and provides detailed guidance to the implementation team. The PMT is chaired by the Assistant Minister for Expenditure and Debt Management.

The Project Manager also provides a monthly briefing to the Ministry of Finance Senior Management meeting. The Senior Management meeting is chaired by the Minister of Finance and includes all the Deputy Ministers, Assistant Ministers, and Directors within the MoF.

### **3. Preparation of the chart of accounts**

The team completed the preparation of the draft Chart of Accounts (CoA) for the Government of Liberia (GoL). The CoA is compliant with the Government Finance Statistics (GFS) 2001 Manual and the Classification of Functions of Government (COFOG). It has been designed to be consistent with International best practices and to meet the reporting requirements of the GoL and its key stakeholders. A series of consultative workshops were organized to sensitize key officers from Ministries and Agencies on the use of the new chart of accounts. In compliance with section 35 (4) of the Public Finance Management Act 2009, the Minister of Finance, formally communicated to the Auditor General requesting for comments on draft Chart of Accounts before it was finalized as part of the Treasury Accounting Instructions. The Auditor General cleared the new Chart of Accounts and it will be formally issued by the Minister of Finance in April 2010. The new CoA will be used with effect from 1 July 2010 and will be one of the critical inputs in the design and development of the IFMIS. A team of trainers who will work with the staff from ministries and agencies has been trained and they will translate the budget for the FY 2010/11 from the old codes to the new codes during May 2010.

### **4. Procurement of the Local Area Network (LAN)**

The team prepared and floated a tender to supply and install a LAN for the Ministry of Finance and the CSA. This procurement also includes the supply of the Wide Area Network (WAN) that will provide the connectivity between the Data Center and the various IFMIS sites.

The LAN will form the common Infrastructure platform on which all the applications i.e. IFMIS, ITAS (Integrated Tax Administration System) and other government systems will run. The LAN procurement is funded under the Economic Governance and Institutional Reform Project (EGIRP). A competent firm has been selected to build the LAN/WAN infrastructure and the contract was signed in March 2010. It is expected that the supplier will complete this work before 31 October 2010.

### **5. Procurement of the IFMIS application**

The team prepared the bid document and invited seven firms using the Limited International Bidding method to submit proposals for the supply, installation, integration, testing, commissioning and related support services for IFMIS Software. Five firms confirmed their participation in the bidding process but one eventually communicated that they would not be able to submit a bid. The pre-bid conference was held on 7 July 2009 and all the four firms that confirmed their participation were represented at the meeting. At that meeting, the bidders got an opportunity to get clarifications on all areas where they wanted further information and clarifications from the IFMIS team. The bid submissions were closed on 25 August 2009. The bids were evaluated and a competent firm has been selected. GoL signed a contract with the selected firm, FreeBalance Inc, in February 2010 and the supplier commenced work in March 2010.

## **6. Business Process Review**

The team is carrying out a review of Business Processes as part of the preparation for the solution build of the IFMIS application. A lot of work has been done in the Comptroller and Accountant General's Office, Procurement section in the Department of Administration, Department of Budget and similar work will later be carried out in the Debt Management areas and also in the CSA. The target completion date for this work is 31 August 2010. The results of this work will enable GoL to undertake business process re-engineering so that efficient business processes can be put in place ahead of the IFMIS application development, which should be based on the most efficient processes.

## **7. Benchmarking study tours**

The team conducted benchmarking study tours to The Gambia and Uganda from 6<sup>th</sup> to 10<sup>th</sup> April and 4<sup>th</sup> to 8<sup>th</sup> May 2009 respectively. The purpose of the visits was to enable the IFMIS implementation team to learn from their counterparts in the countries within the Africa region where similar systems have been successfully implemented. The teams learnt a lot from their counterparts and a number of ideas have been put into practice, e.g. in the development of the IT Security Policy for the IFMIS. The planned study tour to Sierra Leone was not undertaken due to financial constraints.

## **8. Development and delivery of Basic IT training**

The team developed a Training Needs Assessment (TNA) tool and administered it to assess IT literacy skills of all the key staff in the areas where IFMIS will be deployed. The results of this TNA is being used to structure the delivery of Basic ICT training to Government employees with financial management responsibilities in preparation for the IFMIS deployment. The tool was also administered at the General Auditing Commission, Civil Service Agency and will eventually cover the General Services Agency. Owing to the urgency and critical nature of this training, the Ministry of Finance provided some funding to kick-start the Basic ICT training and the first batch of 100 staff from the Ministry of Finance commenced the training at the Liberia Institute of Public Administration (LIPA) on 29 March 2010. The first batch will complete its training in 3 months time.

## **9. Development of the IFMIS Security Policy**

The Audit and Security workgroup prepared the IFMIS Security Policy for IFMIS. The Security policy defines the 'dos' and 'don'ts' for the users of the IFMIS network and it lays out the standards that will be enforced in the network. The policy is expected to be issued under the signature of the Minister of Finance and will form part of the instructions that have to be followed in the use of the IFMIS system. The Minister has indicated that he will issue the policy April 2010.

## **10. Development of the financial reporting templates**

The General Ledger and Reporting workgroup (a sub workgroup of the Application Implementation workgroup) worked with the Consultant on IPSAS (International Public Sector Accounting Standards) to harmonize the templates that the team had developed with the Cash Basis IPSAS. The formats are consistent with the International Public Sector Accounting Standards (IPSAS) and GFS classifications. The templates (together with the Cash Basis IPSAS as adopted by the GoL) have been issued by the Minister of Finance. The new financial reporting templates have been deployed on the existing Sun System and will subsequently be deployed on the IFMIS application.

## **11. Change management activities**

The team has organized a series of workshops to sensitize users on the IFMIS implementation. These Change Management sessions have proved very useful vehicles for disseminating material on the system implementation. These activities are critical for the IFMIS implementation but have been carried out on a limited basis due to budgetary constraints.

## **12. Sun System improvements**

The team has undertaken some work on the existing Sun System to streamline its operations. The focus is on improving the bank reconciliation processes, internal controls, and financial reporting. The improved sun system will provide reliable account balances and information for migration to IFMIS. The information that will be available on the Sun System is also expected to be used for testing and parallel run with IFMIS. It is therefore important that this information is complete, accurate and reliable.

## **13. Human resource requirements**

The Project Manager was recruited and reported to work in August 2008. The project has also recruited a Financial Management Specialist, a Data Centre Manager, and a Configuration Librarian. The rest of the project staff members will be recruited when additional funding for this implementation is identified. As part of capacity building, Government has assigned eleven recent graduates of the Financial Management Training School to the IFMIS project as IFMIS Accountants. The IFMIS Accountants will play a key role in the implementation of the system and are already making a significant contribution to the ongoing IFMIS implementation activities. Furthermore, two of the Consultants who were working with the Change Management Advisor were assigned to the IFMIS Project Team.

## **14. Conclusion**

The IFMIS team has done a remarkable job over the last one year. Adequate preparations have been made for the implementation of the IFMIS. The IFMIS application supplier commenced the solution build in March 2010. The new Chart of Accounts will be ready for deployment from 1 July 2010 and it is planned that the IFMIS application itself will be fully operational on 1 July 2011.

In order to ensure that the implementation is successful, it is important that additional funding is identified to finance training and change management activities to support the implementation. The IFMIS team has identified the funding gaps and has put together a request for funding which will be submitted to development partners to seek their financial support in this project which is pivotal in the country's PFM reform program.