

The IFMIS Project and its implementation in Sierra Leone

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Objective

- ◆ The objective of this presentation is to demonstrate how the Integrated Financial Management Information System (IFMIS) project has contributed to the development of E-Governance in Sierra Leone through the enhancement of accountability and transparency.

Topics

- ◆ About Sierra Leone
- ◆ PFM and Accountability
- ◆ Situation Analysis
- ◆ Design
- ◆ Procurement
- ◆ Testing and Implementation
- ◆ Change Management
- ◆ Challenges
- ◆ Opportunities/Strengths
- ◆ Benefits
- ◆ Sustainability
- ◆ Roll-out to MDAs and Local Councils
- ◆ Other E-Government initiatives

About Sierra Leone



- ◆ **Population:** 4.8 million
- ◆ **Capital:** Freetown
- ◆ **Area:** 72,300 sq km
- ◆ **Major languages:** English, Krio (Creole language derived from English), Mende, Temne and a range of African languages
- ◆ **Major religions:** Islam and Christianity
- ◆ **Life expectancy:** 39 years (men), 42 years (women) (UN)
- ◆ **Monetary unit:** 1 Leone = 100 cents
- ◆ **Exchange rate:** \$1/Le2,900
- ◆ **Inflation:** 6.5%
- ◆ **Main exports:** Diamonds, rutile, cocoa, coffee, fish
- ◆ **GDP:** Le'M 4,237,460
- ◆ **Internet domain:** .sl
- ◆ **International dialing code:** +232



Public Financial Management

“The goal of a PFM system is to support the achievement of *fiscal discipline*, strategic & efficient *allocation* and *use* of funds, *value* for money and *probity* in the use of public funds”.

Transparency and Accountability

- ◆ ACCOUNTABILITY is the process whereby public sector entities, and the individuals within them, are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny.

In effect, accountability is the obligation to answer for a responsibility conferred.

Probity is achieved by using IFMIS as a tool to ensure the promotion of TRANSPARENCY in E-governance.

SITUATION ANALYSIS

- ◆ A review carried out of the previous financial management system (FMAS) revealed the undermentioned weaknesses:
 - Exhibited poor system design and lacked critical functionality, controls, automated bank reconciliation, audit trails and systems documentation;
 - Lacked system data checks and controls
 - Poor response time
 - limited ability to generate reports
 - Weak access security
 - No remote access (inaccessible to MDAs)

DESIGN

- ◆ The Business environment
 - The number and locations of users
 - The types of users
 - The volumes and types of activity
 - Business cycles
- ◆ The software environment
 - The FMAS was to be dispensed with so there was no need for its integration with the new system.
- ◆ The applications environment
 - The nature of processing and systems required
 - The need to integrate the new system and old processes following enactment and amendments to regulations (Government Budgeting and Accountability Act 2005; Procurement Act 2004; Local Government Act 2004).
- ◆ The data environment
 - The need to migrate existing data (go-live done during the accounting period)
 - The types and locations of data (information from central bank to be used in automated reconciliation)

Design cont'd

- ◆ The control and security environment
 - The need to authenticate and validate users
 - The need to provide controlled remote access (for MDAs and Local Councils)
- ◆ The performance requirement
 - The transaction load and expected response time
 - System downtime in event of emergencies
- ◆ The support requirement
 - The need for maintenance of the system(local sub-contracted specified in the RFP)
 - The call-out requirement
 - Training of users
- ◆ The delivery requirement
 - Meeting of deadlines for the various phases

Design cont'd

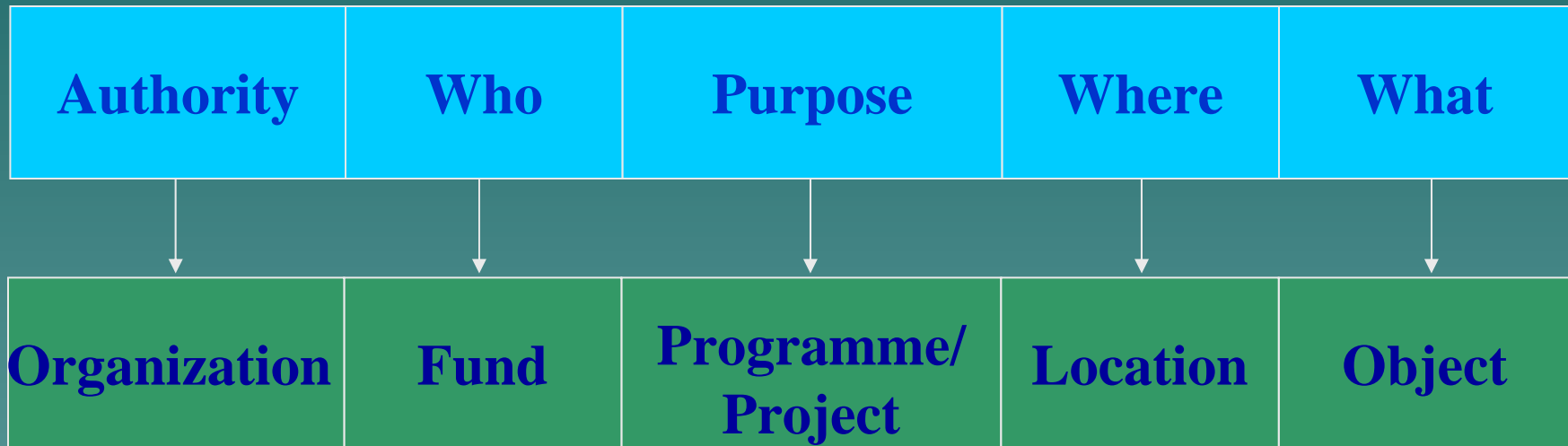
- ◆ Integral or Integrated
- ◆ Technical requirements
 - Hardware & network
 - Operating system and relational database
- ◆ Reporting requirements
 - Statutory
 - Donors
 - IFAC
 - IMF-GFSM 2001,
 - Management/exception reports- report writing tool

Achieving deliverables

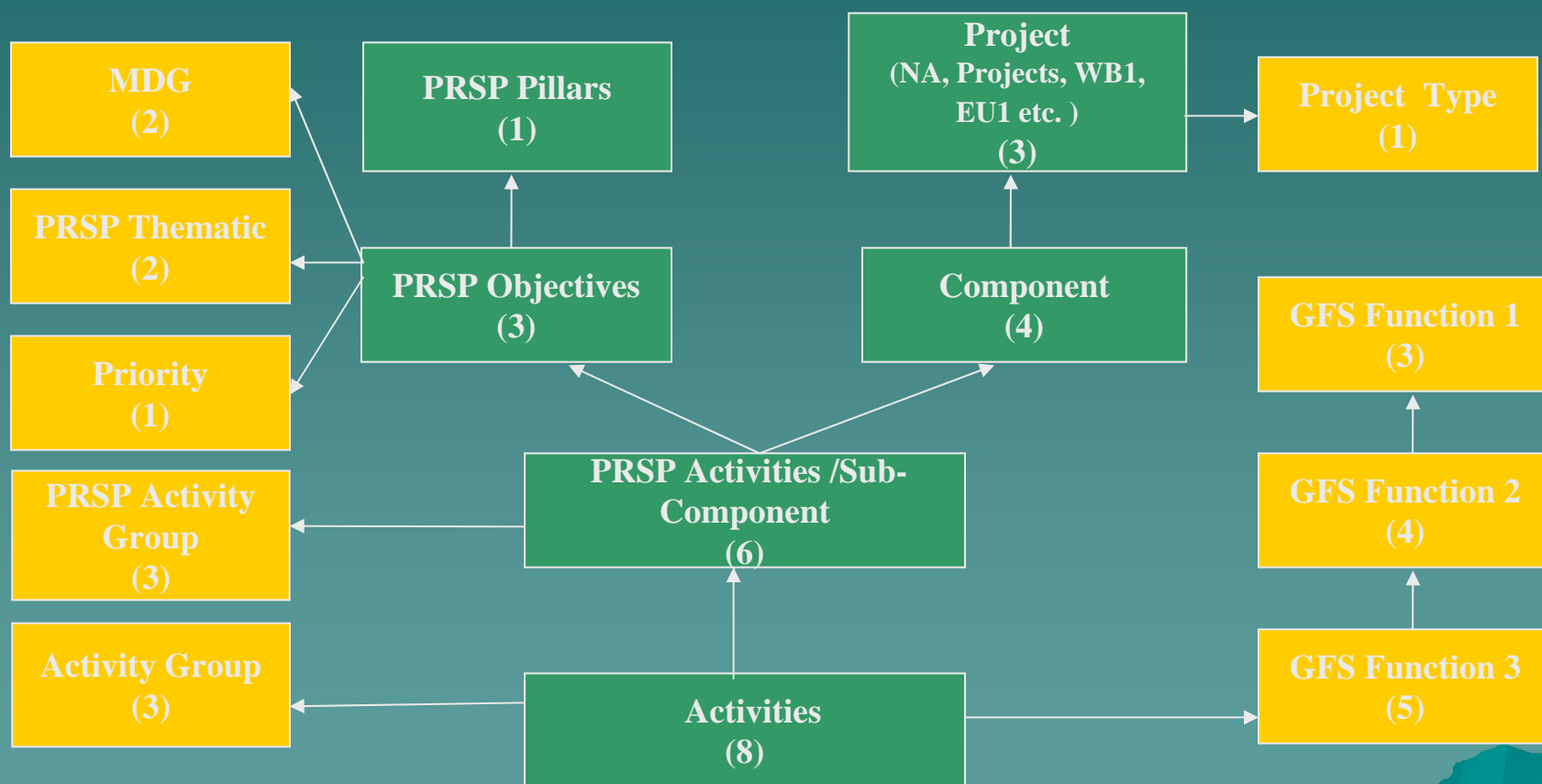
- ◆ Adoption of PRINCE 2 (projects in Controlled Environment)
- ◆ Recruitment of Qualified Accountants in treasury and large MDAs to build capacity
- ◆ PFM Reform Unit
 - 6 Chartered Accountants (Head of Unit & 5 FM Specialists)
 - 3 IT specialists
 - 1 Procurement specialist
 - 1 Economist
 - 2 Accounts assistants
 - 2 Admin. personnel
- ◆ Other technical supports from donors

Chart of accounts

(The foundation of an accounting system)



Resource allocation – programme segment



Account coding block



Reporting tables



PROCUREMENT

- ◆ Single Stage – LIB
- ◆ - based on SOUR (tier two vendors)
- ◆ SBD prepared in stages and shared for comments
- ◆ Include all modules needed – current and future requirements
- ◆ Request quote for license/maintenance fee for at least five years (+ % inflation)
- ◆ Turnkey solution (FreeBalance and HP equipments), BUT
- ◆ - local sub-contractors for support (Service Level Agreement)
- ◆ Evaluation methodology agreed with sponsors
- ◆ - 80% technical & 20% cost
- ◆ - demos against test scripts
- ◆ - end-users evaluation (*it is their system*)

Phasing of acquisition of modules – think BIG, start small

- ◆ Phase 1
- ◆ - Budget execution and accounting system to replace present FMAS operating in MoF for whole of government
- ◆ - New HR/Payroll system to replace present FMAS module with input in Ministry of Finance/ Establishment Secretary's Office
- ◆ - Budget preparation system to replace current spreadsheet system for 2006 FY budget

Phasing of acquisition of modules cont'd.

- ◆ Phase 2 Rollout IFMIS with data input and on-line information access to other central government Ministries –
 - ◆ *SL Police Force, Ministry of Finance, Health, Educ., Agric., Works & Auditor General's Department*
- ◆ Phase 3 Roll out to all other MDAs and Local Councils
 - ◆ *(Fixed Assets, Stores/ Inventory Management)*

Timeline

- ◆ November 2004
 - FreeBalance project launched
 - FreeBalance implementation and professional services initiated
- ◆ April 2005
 - FreeBalance Training and Certification of Ministry of Finance (AGD)
- ◆ June 2005
 - Core FreeBalance system goes live
 - General ledger, Appropriations, Expenditure controls
 - First cheque issued by Ministry of Finance (AGD)
- ◆ January 2006
 - FreeBalance Purchasing, Revenue, Assets, Inventory and Performance Budgeting modules go live
- ◆ April 2006
 - HR/Payroll – FreeBalance Human Capital Accountability

TESTING AND IMPLEMENTATION

- ◆ Timetable
- ◆ Phased
- ◆ User acceptance testing
 - Data input
 - Data processing
 - Data Output
- ◆ Training
- ◆ Ensure security and other related issues including back-up procedures are addressed

Testing and Implementation cont'd.

- ◆ Test run
 - April 2005
- ◆ Parallel run
 - May 2005
- ◆ Changeover/data migration
 - May 2005
- ◆ Go-Live
 - 1st June 2005

Training

- ◆ Comprehensive training strategy developed for all FM staff in the public sector (bookkeeping, excel, Word)
- ◆ 'Super users' – Train the trainers
- ◆ End users training
 - hands on
 - Continuous coaching and mentoring

Success?

- ◆ If success is defined as...
 - delivered as-specified ex ante
 - ◆ 43 % delivered as specified
 - delivered on-budget
 - ◆ 50 % delivered on budget
 - delivered on-time
 - ◆ 21 % delivered on-time
- ◆ ... then, only 21 % were successful
- ◆ FMIS projects, on average,
 - took 7 years to be complete
 - component changes in 75 % of projects

Bill Dorotinsky (2003) "Implementing Financial Management Information System Projects: The World Bank Experience"

CHANGE MANAGEMENT

- ◆ Scale of change – modular, incremental adjustments
- ◆ Change leadership – **change agent**
- ◆ Communication – workshops
- ◆ Users Participation in evaluation & involvement in implementation
- ◆ Training – hands-on & overseas
- ◆ Re-deployment
- ◆ Release
- ◆ Motivation & Sanctions

Change – stakeholder analysis

- ◆ Gerald Egan (1994) identifies typical categories of stakeholder:
 - Your **partners**, who support your agenda;
 - Your **allies**, who will support you, given encouragement;
 - Your **fellow travellers**, passive supporters, committed to the agenda, but not to you;
 - The **Fence-sitters**, whose allegiances are not clear;
 - **Loose cannons**, dangerous because they can vote against agendas in which they have no direct interest;
 - Your **opponents**, players who oppose you and your agenda;
 - **Bedfellows**, who support the agenda, but may not trust you;
 - The **voiceless**, who will be affected, but have little power to promote or oppose, and who lacks advocates.

CHALLENGES

- ◆ Strategic champion with relevant leadership styles
 - Commitment of top leadership throughout the implementation process
- ◆ Connectivity
 - Roll-out to MDAs and Local Councils and LAN within each MDA/Council
- ◆ Capital cost
- ◆ Competencies (bookkeeping knowledge, basic computer operational skills) of staff
- ◆ Power supply
- ◆ Sequencing and collaboration of multi-donor support (especially for procurement rules)

Challenges cont'd

- ◆ Backlog bank reconciliations and published accounts
- ◆ Awareness of general public towards SMART governance (Simple, Moral, Accountable, Responsive and Transparent)
 - Modification of business process to have all Government suppliers registered in the database of suppliers in the system (providing business registration and up to date tax documents) initially met with resistance from suppliers.
- ◆ Change management –culture, attitudes and perceptions
- ◆ Passive aggression
- ◆ Managing expectations
- ◆ Treating IFMIS project as 'IT' Project rather than 'CHANGE' management programmes in the light of E-governance.

Passive-aggression

- ◆ (1) Procrastinates - putting necessary work off, so that deadlines are not met.
- ◆ (2) Becomes sulky, irritable or argumentative when asked to do something he or she does not want to do.
- ◆ (3) Appears to work slowly or to do poor work on tasks that he or she does not want to do.
- ◆ (4) Protests, without justification, that others make unreasonable demands on him or her.
- ◆ (5) Avoids obligations by claiming to have 'forgotten'.
- ◆ (6) Believes that he or she is doing a much better job than others think he or she is doing.
- ◆ (7) Resents useful suggestions from others concerning how he or she could be more productive.
- ◆ (8) Obstructs the efforts of others by failing to do his or her share of the work.
- ◆ (9) Unreasonably criticises or scorns people in positions of authority.
- ◆ *American Psychiatric Association, 1987*

Passive-aggressive leaders would not survive in commercial organisations, however, they are readily found in the public sector and non-profit organisations.

OPPORTUNITIES/STRENGTHS

- ◆ Decentralisation Programme
- ◆ Public Financial Management Reform
- ◆ Effective Leadership (Head of PFMRU) with 'tacit knowledge' of operations of the Ministry of Finance
- ◆ Excellent Project team
 - 6 Chartered Accountants (Head of Unit & 5 FM Specialists)
 - 3 IT specialists
 - 1 Procurement specialist
 - 1 Economist
 - 2 Accounts assistants
 - 2 Admin. personnel
- ◆ Financial Secretary as 'gatekeeper'
- ◆ Political Will
- ◆ Full World Bank Support (Task Team Leader passionate about PFM Reform)

FreeBalance Project Manager (Pradeep Aggarwal) and cross section of MoF-PFMRU Project Team



IFMIS BENEFITS

- ◆ Increased 'Public Value' of information
 - Timely, accurate, trustworthy, relevant and customised reports
- ◆ Improved transparency and accountability
 - Vote Controllers much more accountable for the use (mis) of allocated funds
 - A key weapon in the war against corruption and poverty as the availability of reports up to ward level facilitates effective Public Expenditure Tracking Survey (PETS)
- ◆ Improved controls over operation
 - Effective and efficient budgetary and expenditure controls (requires discipline)
 - Audit trails
- ◆ Savings
 - Excess staff time saved as a result of integration could be utilised for other activities.
 - Reduction in staff cost

SUSTAINABILITY

- ◆ Specification of local sub-contractor
- ◆ Help Desk – functional and Technical
- ◆ Legal framework
 - Government Budgeting and Accountability Act 2005;
 - Financial Administration Regulations (under review)
 - Procurement Act 2004;
 - Local Government Act 2004

ROLL-OUT TO MDAs AND LOCAL COUNCILS

- ◆ Final phase of the Implementation process
- ◆ Factors to be considered in deciding approach
 - Effectiveness
 - Efficiency
 - Economy
 - Security

Roll-out cont'd.

◆ Alternatives

– MDAs

- ◆ rollout to line Ministries in Freetown via a Metropolitan Area Network (MAN). Options include:

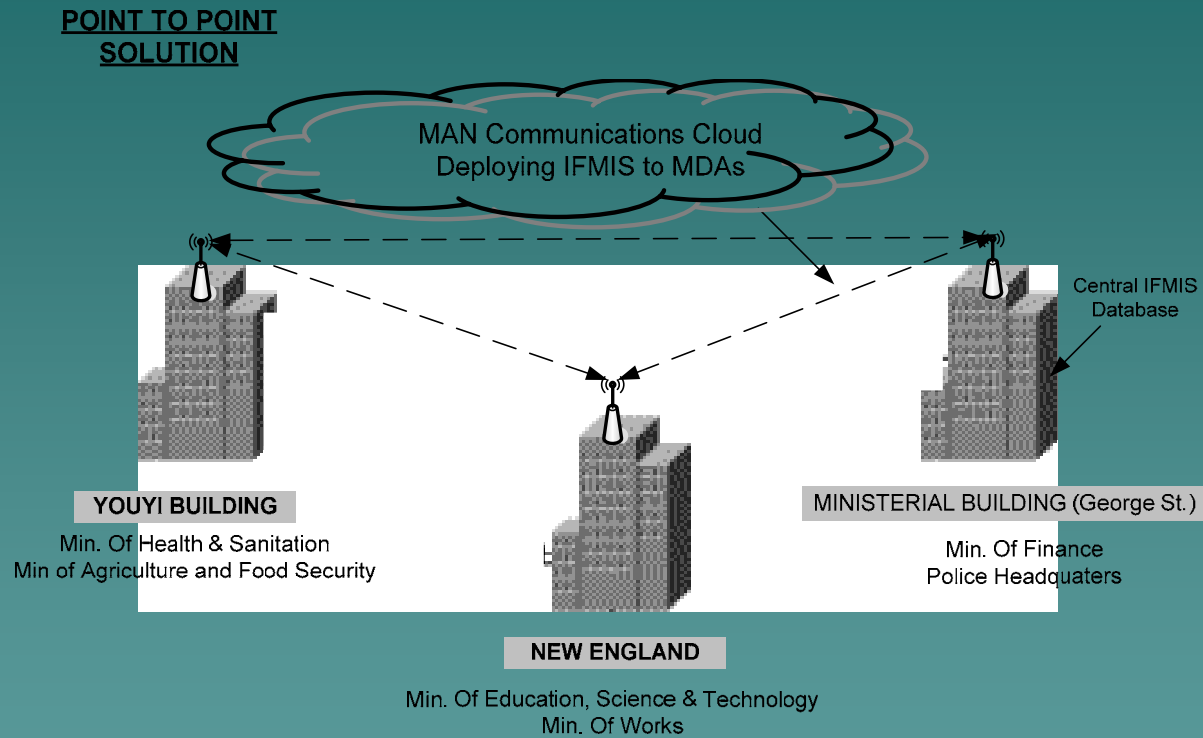
- Point to Multi-Point Radio or Microwave Transmissions
- Point to Point Radio or Microwave Transmissions
- Very Small Aperture Terminal (VSAT) or Satellite interconnection

– Local Councils

- ◆ the rollout of IFMIS to the Local Councils via a National Wide Area Network (NWAN). Options include:

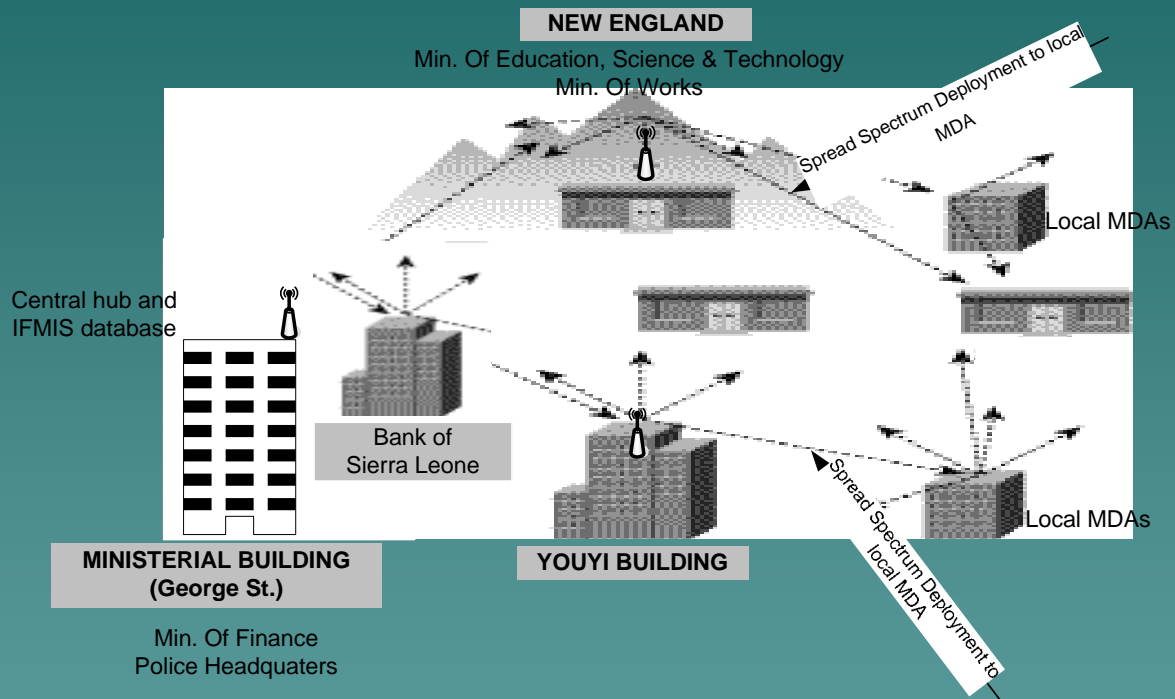
- deployment of IFMIS to the various Councils using either Vsat or digital internet technology.
- collaboration with local telecommunication service providers and the use of their infrastructure to develop the NWAN

Point to Point Radio or Microwave transmissions



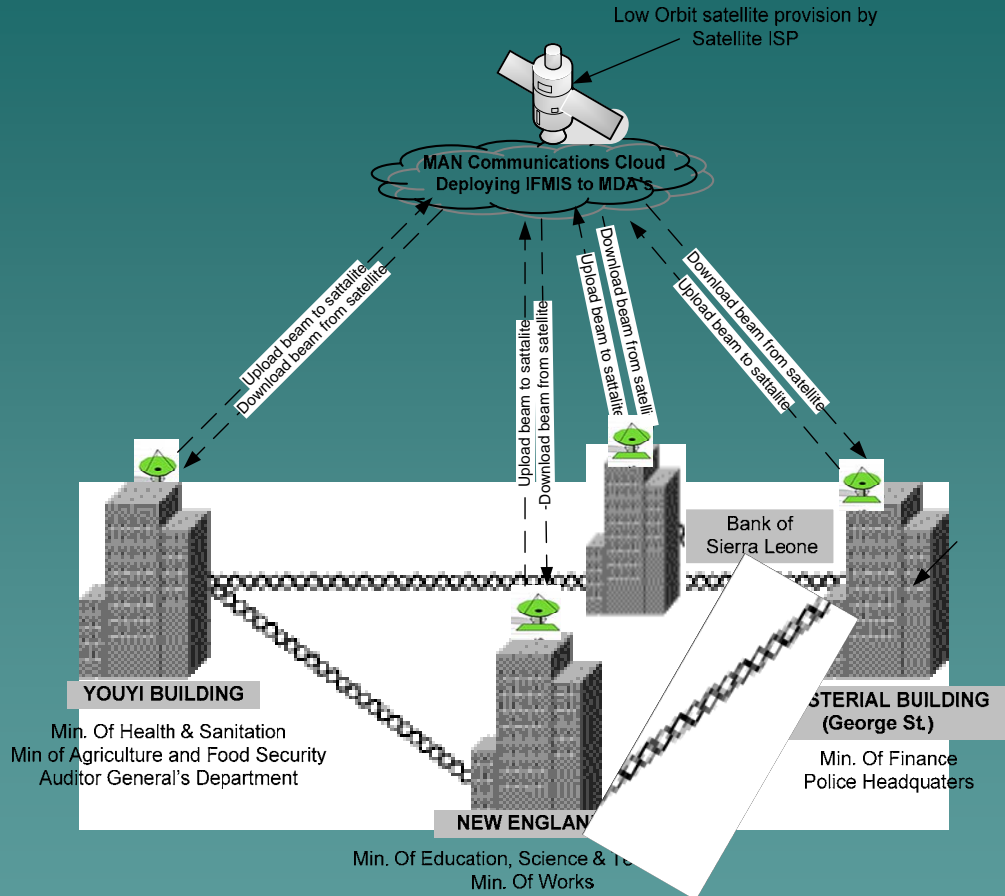
Point to Multi-Point Radio/Microwave Transmissions

POINT TO MULTIPOINT SOLUTION



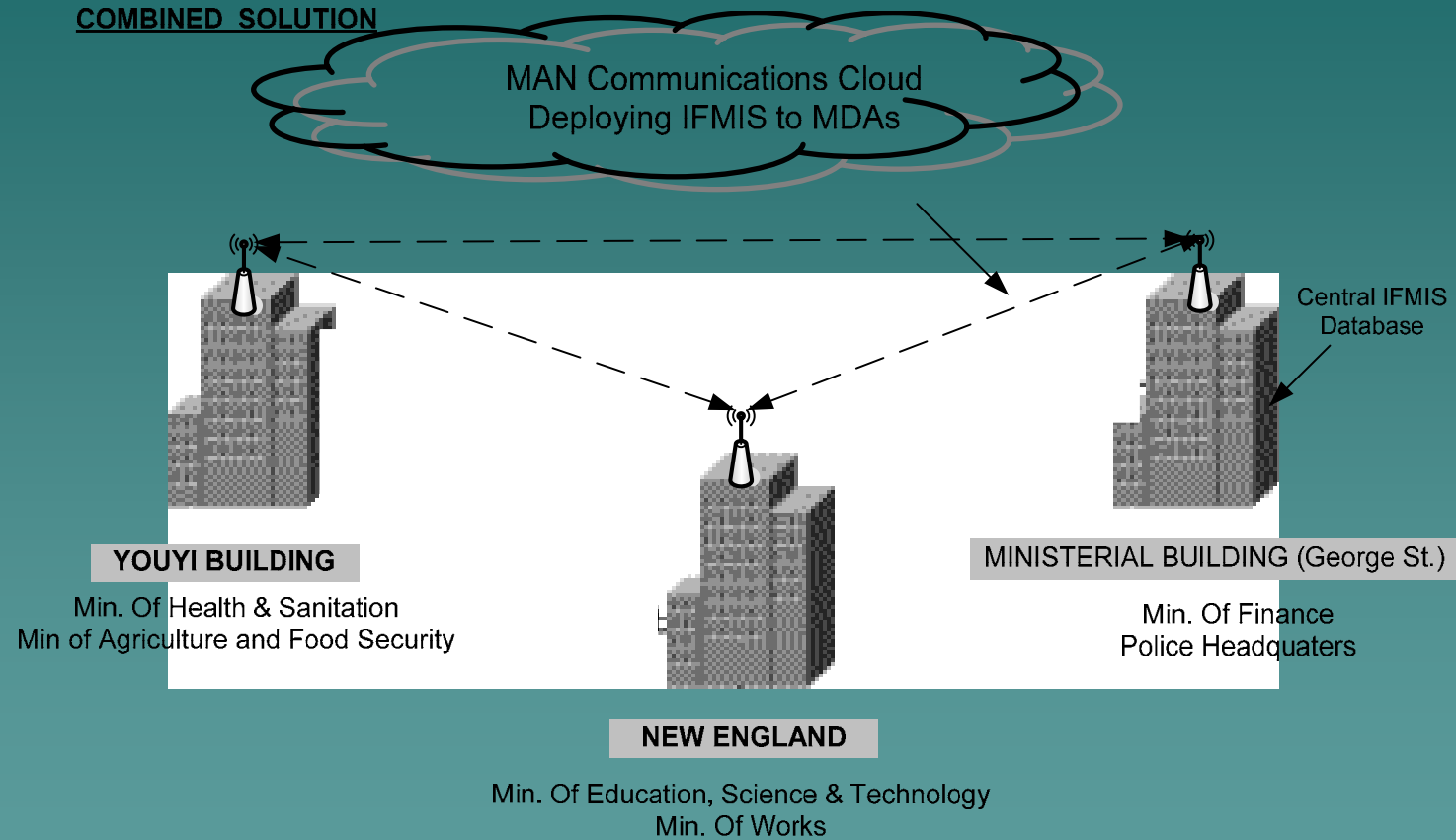
Very Small Aperture Terminal (VSAT)/ Satellite Interconnection

SATELLITE SOLUTION

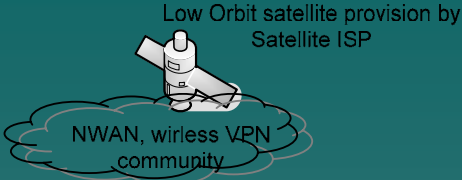


Combined solutions deploying point to point and point to multi-point connectivity

COMBINED SOLUTION



Deploying IFMIS to Councils via Vsat,
or digital internet technology.



Deploying IFMIS to Councils in collaboration with a local partner.

Collaboration with local telecommunications provider



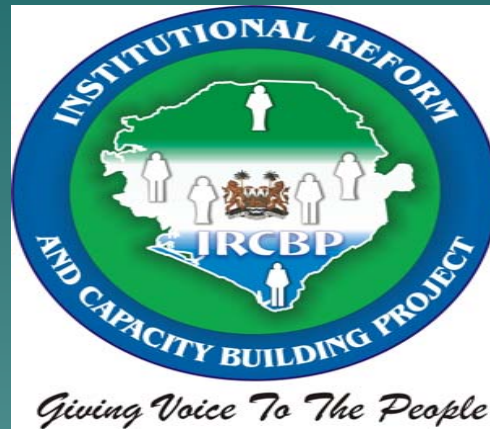
Other E-government Initiatives

- ◆ Development of the following websites
 - Institutional Reform and Capacity Building Project (IRCBP) (www.ircbp.sl)
 - National Procurement Authority (www.savepublicmoney.sl-org)
 - Anti-Corruption Commission of Sierra Leone (www.anticorruption.sl)
 - The Presidents Office (www.statehouse.sl)
 - Bank of Sierra Leone (www.bankofsierraleone-centralbank.org)
 - High Commission in UK (www.slhc-uk.org.uk)
 - National commission for Social Action (www.nacsa-sl.org)
 - Statistics sierra Leone (www.statistics-sierra-leone.org)
 - Sierra Leone Broadcasting Service (www.slbs.tv)
 - Vision 2025 (www.uniqueservers.net/vision2025)
 - NASSIT (www.nassitsl.org)
 - Ministry of Mineral Resources (www.minmines-sl.org)
 - Ministry of Foreign Affairs (www.mofaic-sl.org)
 - Development Assistance Coordination Office (www.daco-sl.org/)
 - SLENA News Agency (www.sierraleone.gov.sl/pages/slena/slena1.htm)
 - Ministry of Finance (Presently Under Construction)

Other E-government initiatives cont'd.

- ◆ Provision of equipments and Basic computing training for key financial management staff of Local Councils (Word, Excel and navigation skills) through the IRCB Project.
- ◆ Draft Security and Controls policy document for the Ministry of Finance
- ◆ Consideration of bill for the enactment of an IT Law.

Thank you for your attention



www.ircbp.sl

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