

# IFMIS: AN ASSET FOR TRANSPARENCY AND GOOD GOVERNANCE

## Part 1: Challenge and Public Finance Management Reform

### The Challenge

Public Financial Management (PFM) reform programmes have been geared in recent years at strengthening the rules and procedures that underpin the budget process. There is an ever-expanding body of evidence suggesting that countries with better-developed financial systems experience faster economic growth. Governments across the world are constantly searching for ways to improve their public financial management systems.

Agencies such as the International Monetary Fund (IMF) and the World Bank have devoted considerable effort to promote among middle-income countries - especially emerging economies – the adoption of budget reforms that emphasise performance and results in using public resources.

Good financial management supports not only good governance and transparency but is also crucial for effectively delivering the services on which human and economic development relies.

---

*“The focus has typically been on a number of standard interventions, including improving the comprehensiveness of budget operations, building better links between annual allocations, medium term policy objectives and performance indicators and computerising budget management and expenditure controls.*

*- World Bank, 2008; IMF, 2007*

---

### Reforms in Public Finance Management Systems

The best public finance system for any country is one that reflects its economic structure, its capacity to administer its public finances, its public service needs and its access to different sources of finance such as taxation, debt or aid. Reforms to financial management systems and processes of governments are becoming critical, in line with increasing demands for greater transparency and accountability in the management of public finances.

In this context, governments need a strong PFM system to deliver the macroeconomic stability that is vital for sustainable growth and to enable efficient and effective service delivery. ICT provides the ideal set of tools in order to build such a strong PFM that would cater for all elements of a country’s budget process and cover planning, collection, spending, reporting and audit, across systems and staff in every agency of government.

Performance budgeting, decentralisation, market testing, streamlined procurement and electronic payments can be enhanced with computerised PFMs, which will then enable more efficient, cost-effective, and participatory government, facilitate more convenient government services, allow greater public access to information, and make government more accountable to citizens.

### What is IFMIS?

The Integrated Financial Management Information System (IFMIS) is a software that assists civil servants to execute the PFM reform. The introduction IFMIS has become a core component of financial reforms to promote efficiency, security of data management and comprehensive financial reporting.

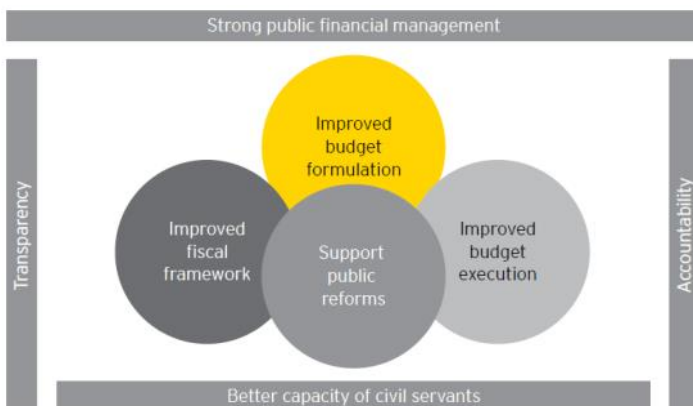
IFMIS is a system that tracks financial actions and summarizes information. The IFMS can streamline all fiscal and financial management processes throughout government and provide the parliament with a modern budgeting and accounting system with state of the art functionality on which to undertake its national and public sector accounting and financial management. It consists of several core sub-systems, which plan, process and report on the use of public resources.

### What are the Benefits of IFMIS?

There are a number of ways in which IFMS can improve public finance management, but generally IFMS seeks to enhance confidence and credibility of the budget through greater comprehensiveness and transparency of information as shown in Figure 1.

#### *Benefits:*

- Access to timely and reliable information which is useful for monitoring and evaluating the patterns of public expenditure, hence benefiting to accounting and control point of view
- Reduction of overspending through in-built mechanisms for financial monitoring and control
- Reconciliation of accounts of Offices, Ministries and Agencies through real time data.
- The system also enables the Ministry of Finance to close books on time, hence allowing improved accountability to Parliament
- Better accountability of accounting officers thanks to access to current expenditure performance (rather than historical records) by overseeing (persons/authorities)
- Tamper-proof functions in the system, optimising security of data and processes



**Figure 1: Benefits of IFMIS**

## Part 3: IFMIS Solution Description

### Solution Description

The Integrated Financial Management Information System bundles all financial management functions into one suite of application.

An IFMIS should be designed with good relationships between software, hardware, personnel, procedures, controls and data. An IFMIS will generally consist of several distinct components or modules that use information to perform different functions.

#### Core and non-Core IFMIS Systems

**Core systems:** Budget Planning and Monitoring, General Ledger, Accounts Payable, Accounts Receivable, Fixed Assets and Cash Management. May include Financial Reporting, Fund Management and Cost Management.

**Non-core systems:** HR/payroll, budget formulation, revenue (tax & customs), procurement, inventory, property management, performance, management information.

A well integrated system will:

- Provide timely, accurate, and consistent data for management and budget decision-making;
- Support government-wide as well as agency-level policy decisions;
- Integrate budget and budget execution data, allowing greater financial control and reducing opportunities for discretion in the use of public funds;
- Provide information for budget planning, analysis and government-wide reporting;
- Facilitate financial statement preparation; and
- Provide a complete audit trail to facilitate audits.

The scope and functionality of IFMS can vary across countries. Figure 2 below represents a basic diagram of a typical government IFMIS, including several core components, as well as non-core components that will either be integrated into the system or connected to the system via an interface.

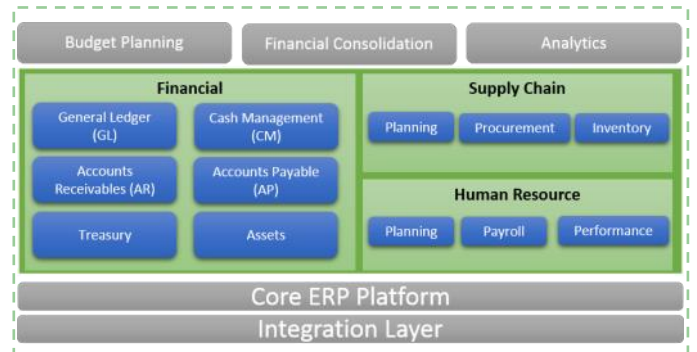


Figure 2: Typical IFMIS Diagram

By recording information into an integrated system that uses common values, IFMIS users can access the system and extract the specific information they require to carry out different functions and tasks.

All types of reports can be generated: balance sheets, sources and uses of funds, cost reports, returns on investment, aging of receivables and payables, cash flow projections, budget variances, and performance reports of all types.

This information can be used for a variety of purposes: to plan and formulate budgets; examine results against budgets and plans; manage cash balances; track the status of debts and receivables; monitor the use of fixed assets; monitor the performance of specific departments or units; and make revisions and adjustments as necessary, to name a few. Reports can also be tailored to meet the reporting requirements set by external agencies and international institutions like the IMF.

## Part 4: The case of Mauritius

### The Case of Mauritius

During the last two decades, most African countries have embarked on comprehensive public sector reform programmes, and in many cases they have received assistance from such international institutions like the IMF and the World Bank. Mauritius has established itself as one of the leading African countries for economic reforms and diversification, successfully transitioning from a Low Income to an upper Middle Income Country (MIC).

As has been the case in other parts of the world, Mauritius has embarked on reform programs in response to new opportunities brought about by globalisation and the “rise” of Africa. In line with the vision expressed during the last years for the Republic of Mauritius, the government committed itself to a 10-year reform program aimed at developing a legal framework for PFM that is comprehensive, rigorous and reinforces good governance, transparency and accountability.

Mauritius has frequently taken pride in its Transparency Index. The purpose for demanding transparency is to allow citizens and markets to hold institutions accountable for their policies and performance. According to the **2016 Corruption Perceptions Index**, Mauritius is ranked **50th out of 176** countries globally with a score of 54 points, **3rd in Africa**.



Figure 3: Ibrahim Index of African Governance (IIAG)

Over the past years, Mauritius has consistently ranked top among sub-Saharan African countries on the **Mo Ibrahim Index of African Governance (IIAG)**. **IIAG 2015** measured the quality of governance in 54 countries of the African continent. Mauritius was ranked **1st** with a score of **79.9** points out of 100. Similarly, the **Global Competitiveness Report 2017-2018** also ranks Mauritius **45th out of 137** countries where by Mauritius occupies the leading position in the Sub-Saharan African region for the fourth consecutive year. Mauritius remains as the region’s most competitive economy.

The **2011 Public Expenditure and Financial Accountability (PEFA)** assessment conducted by IMF has demonstrated progress in public finance management, with **23 out of the 31** reported ratings being higher or equal to those obtained in the 2007 PEFA assessment. This assessment notes: “Mauritius continues to perform well against the PEFA benchmarks.”

**Figure 4** illustrates the complex set of functions a government’s IFMIS can be called on to support. These include the typical functions that make up the Financial Management Cycle, from budget formulation to budget execution and review, to audit and evaluation of financial performance and results.

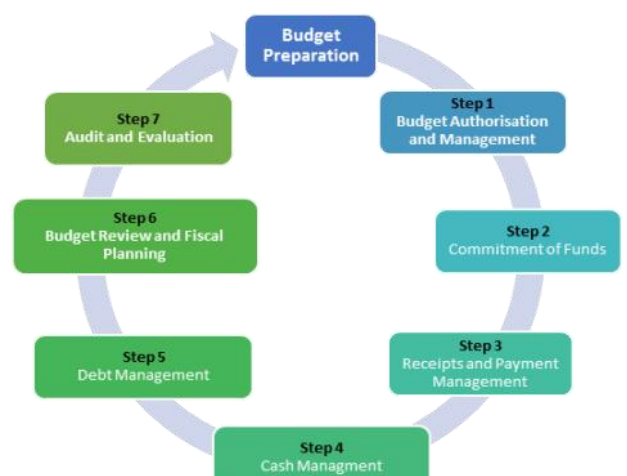


Figure 4: Financial Management Cycle

## Part 4.1: The Case of Mauritius — SIL's IFMIS

### SIL's IFMIS

SIL has developed and successfully installed an **Integrated Financial Management System (IFMIS)** that greatly improves the control of Finance ministries over the release of funds by the government. The system allows to issue reports and other financial documents of great accuracy, presented in various forms, for better process management and decision making.

The project for Treasury Accounting has been implemented with a major re-engineering approach to achieve significant improvements in government accounting and finance. The solution provided caters not only immediate requirements but also gives the flexibility to incorporate any changes in government policies in terms of reporting, auditing and accountability.

Figure 5 shows the functional architecture of IFMIS designed by SIL. It highlights on one hand the application solutions that SIL propose in the IFMIS and

the other (& in a non-exhaustive Manner) standard business needs covered by our applications.

Several major government organisations are accountable to the MoFED, such as the Mauritius Revenue Authority (MRA), the line ministries and departments, the parastatal bodies, the local authorities and the Rodrigues Regional Assembly (RRA).

The Accountant General is the Administrative Head of the Treasury of the Republic of Mauritius, with the Treasury being a department of the MoFED. The aims of the Treasury Department, under the aegis of MoFED, is to ensure that financial and accounting arrangements in all Ministries and Departments are adequate and effective, to exercise general supervision over the receipts of public revenue and over the expenditure and other disbursements of government as well as to report on the financial position of the Republic of Mauritius annually.

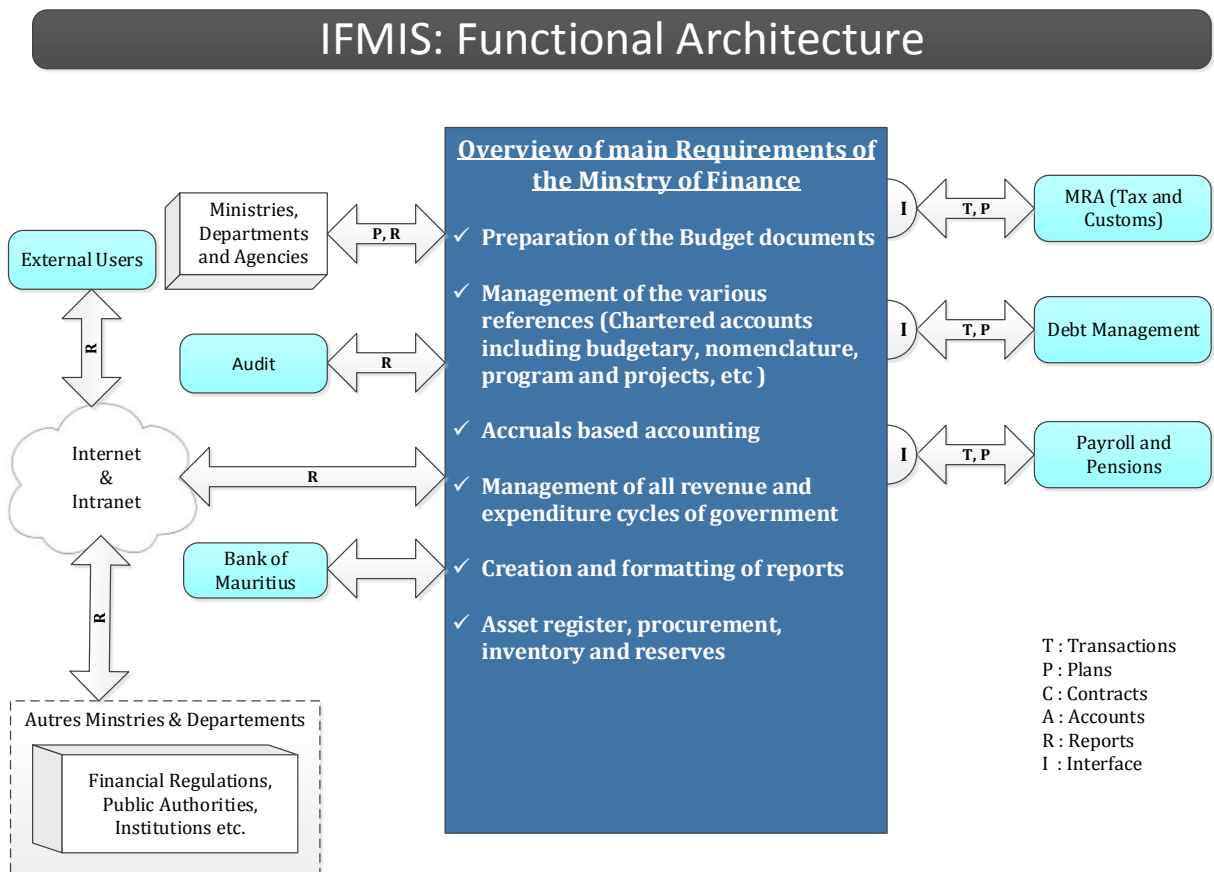


Figure 5: IFMIS Functional & Applicational Structure

## Part 4.2: The case of Mauritius —The evolution of SIL's IFMIS

The Bank of Mauritius is a body that is not part of the MoFED and which is responsible for the monetary policy of Mauritius and for issuing its currency.

The implementation has been coordinated with 12 separate big Ministries running their own finance autonomously but at the same time providing on-line consolidation and control at the central Treasury. Presently, autonomous ministries/departments such as Ministry of Education, Ministry of Health and Ministry of Social Security are operating as self-accounting departments but their figures are consolidated in a General Ledger. Thus, the Government of Mauritius is able to obtain a national Balance Sheet on a virtual real-time basis. There are presently some 300 users accessing the system.

### Adopting state of the art technology

The system of national treasury of the Ministry of Finance was computerised in 1989. SIL has been an essential partner in the realisation of the reform of the budgetary and financial system of the Republic of Mauritius.

The project for Treasury Accounting has been implemented with a major re-engineering approach to achieve significant improvements in government accounting and finance. The solution provided caters not only immediate requirements but also gives the flexibility to incorporate any changes in government policies in terms of reporting, auditing and accountability.

The Treasury uses a computerised accounting system, known as the Treasury Accounting System (TAS), for the processing and recording of the financial transactions of Government and for the preparation of monthly, quarterly and annual financial statements and other financial reports.

Figure 6 illustrates the Treasury Accounting System as an integrated government financial management information system connecting all ministries and departments whereby all financial transactions are recorded, using the Government Financial Statistics (GFS) chart of accounts. This Integrated Financial Management System has now enabled the Ministry of Finance and Economic Development to improve the quality of its financial decision-making by generating timely financial information through the system.

Since the introduction of Programme-Based Budgeting (PBB) in 2001, Mauritius has put in place a budget management process. By linking public resources to clear and agreed outcomes and outputs and providing a framework for reporting on results, this has encouraged stronger accountability on results. PBB implementation and its impact on the transparency and performance orientation of the budget have received positive international evaluation from IMF and CABRI (Collaborative Africa Budget Reform Initiative).

From 2001 to 2006, SIL has supported the project of adoption of the MTEF and the PBB on that included the financial modules GL, AP, AR and CM. The budget resource allocation and execution has improved with the adoption of the Program Based Budgeting (PBB) tool formulated within a three year rolling Medium Term Framework (MTEF) in 2008/09. The PBB has been expanded across the central government and has been instrumental during the global economic downturn in consolidating public finances and reducing the budget deficit and public debt.

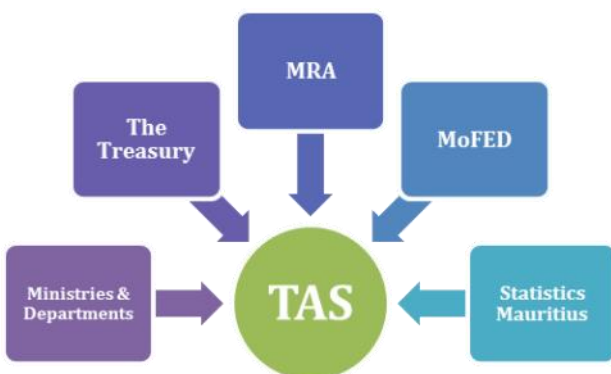


Figure 6: Treasury Accounting System (TAS)



## Part 4.2: The case of Mauritius —The evolution of SIL's IFMIS

Budget execution systems have been assessed as effective, with annual cash flow forecasts prepared and monitored through the Treasury Accounting System during the course of the year. Figure 7 shows the achievements of the Treasury with the Treasury Accounting System (TAS).

According to the reports of the Accountant General, the maximum number of weeks for valuation of property (Valuation Department, MoFED) has been reduced from 20 weeks in 2009 to 18 weeks in 2010 and the difference between actual revenue collected (excluding grants) and projected amount (BSMD/ Revenue Policy Unit, MoFED) has been reduced from 5% to 1% in 2010.

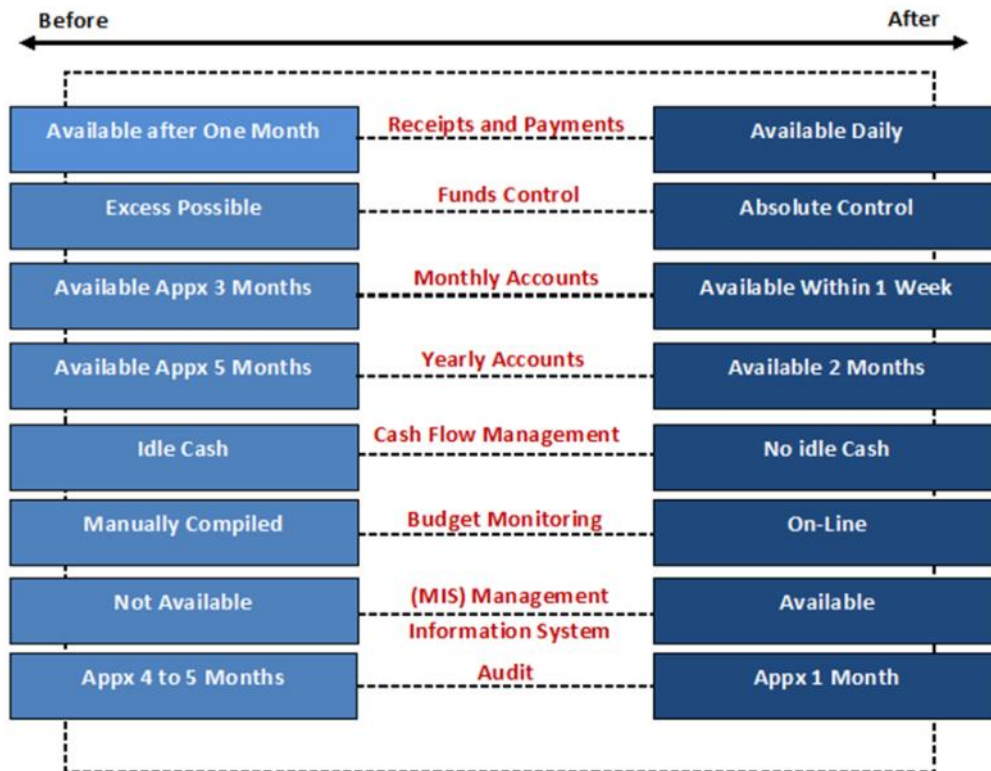


Figure 6: Achievements of the Treasury with TAS

The same solution was with an evolution of the processes in 2012 further to the achievement of the « e-Budget » which provides for electronic versions of some documents and procedures. e-Budget application helps enhance the manual process of budget preparation by making it faster and more effective. With the in-built workflow system, all the business processes are predefined and activated when budget process is started. With a central database in place, e-Budget application software ensures real-time data retrieval, hence saving time that was devoted to requesting data between ministries through phone calls or e-mails.

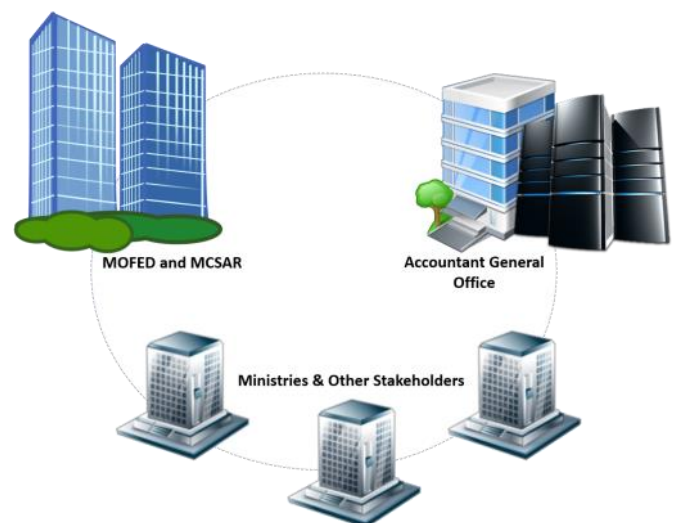


Figure 7: eBudget

## Part 5: SIL's IFMIS: A running success in mainland Africa

### SIL IFMIS: A running success in mainland Africa

After implementation in Mauritius, countries in mainland Africa have also adopted the system.

#### Republic of Namibia

The Ministry of Finance migrated its integrated financial management system to Oracle E-Business Suite Release 12.1.3 with Oracle's SPARC servers between June 2011 and March 2012, going live in April 2012.

#### Republic of Botswana

Since October 2017, SIL has won the contract for the Provision of Services for 36 months Support of Application Software for the Ministry of Finance and Development Planning (MFDP) for the Republic of Botswana. MFDP uses an integrated online computer system called Government Accounting and Budgeting System (GABS) to automate all activities relating to budgeting and accounting of all the Ministries across the Republic of Botswana. These Application Software for Government Systems has been implemented on Oracle E-Business Suite.

#### Republic of Kenya

In 2002, SIL along with Simba Technology Ltd was awarded a contract to supply, implement and support an Integrated Financial Management Information System

(IFMIS) to the Government of Kenya on the Oracle ERP platform. Since then, the consortium has delivered and is currently supporting a system that is a web of ministries, currently over 40 ministries of the Republic of Kenya use the IFMIS features, connecting to the Treasury for all their financial needs including purchasing, receiving goods and payments to suppliers.

#### Republic of Ethiopia

SIL since November 2016 is deploying the IFMIS solution across the Federal Democratic Republic of Ethiopia. The project of the Ministry of Finance and Economic Cooperation (MoFEC) of the Federal Democratic Republic of Ethiopia consists of two major components. One is an assessment of the existing system and measures for addressing identified gaps so as to enhance the IFMIS solution. The other one is the rolling out of the enhanced IFMIS system to 125 federal sites in Addis Ababa. This IFMIS solution is based on nine modules from the Oracle E-Business Suite: Public Sector Budgeting, Cash Management, Accounts Payable, Fixed Assets, Accounts Receivable, General Ledger, Oracle Purchasing Inventory Management and Oracle Payroll. This project also involves training and capacity building for approximately 7,500 end users.



*At the edge of digital innovation*

SIL is a leader in providing integrated IT solutions for the African region. With its offices in Mauritius, Namibia and Botswana, SIL serves multinational companies as well as government organisations and local businesses. The expansion of SIL in the African continent demonstrates our capability to deliver the right solutions, whatever the

## Contact Us

Give us a call for more information about our services and products

[sales@sil.mu](mailto:sales@sil.mu) /  
[silmail@sil.mu](mailto:silmail@sil.mu)

Visit us on the web at  
[www.sil.mu](http://www.sil.mu)

IFMIS: AN ASSET FOR TRANSPARENCY AND GOOD GOVERNANCE