# IFMIS implementation - experience of individual countries: Russian Federation

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Centre for Financial Reporting Reform
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# Agenda



1. IFMIS development prerequisites, objectives and goals
2. Functional architecture
3. Implementation strategy and process
4. IFMIS features and current status
5. Benefits and costs
6. Lessons learned and conclusions

# 1. IFMIS implementation prerequisites, objectives and goals



| Situation 'As Is'…. (2010) | Situation 'As Desired'… (2010) |
|---|---|
| **MS Excel, hardcopy ledgers and notebooks, abacus…** | ***E-Budget* - Unified Integrated State Information System for Public Finance Management:** |
| **Local IT systems for budgeting and budget execution**, procurements, payroll accounting, HR management, financial accounting, reporting, etc. … | Unified IT system for budgeting and budget execution<br>Unified IT system for procurements<br>Unified IT system for HR management<br>Unified IT system for payroll accounting<br>…….<br>Unified financial accounting and reporting system<br>**Treasury's Unified IT System**<br>……. |
| **Specialized industry IT systems for accounting for assets**, accruals and accounting for incomes, debt management, analysis | |
| **Treasury's Unified IT System** | |
| **Transparency + value = ☹** | **Transparency + value = ☺** |

# 2. Functional architecture

## Technology fundamentals

Full process automation

Ensured uniform data input (‘all-2-all’ integration);

Excluded circulation of hardcopy documents and minimized manual input of documents

Use of uniform reference data

## Methodology fundamentals

Uniform methodology

Formalizing and unification of primary document forms; simplifications

Introduction of uniform organizational and methodology rules (regulatory actions)

# 2. Functional architecture

**Methodology**

**Subsystem operators**

**Regulations**

**Support**

| | | |
|---|---|---|
| Budgeting | Budget allocation | Budget execution |
| HR management | Payroll accruals | Management of non-financial assets |
| Procurements* | Accounting for subsidies and grants | Management of financial assets |
| Proceeds management | Expenditure management | Public debt management |

| |
|---|
| Accounting |
| Financial reporting |
| Data analysis and publication |
| Financial controls |

| |
|---|
| Guides, manuals and classifiers |
| Enterprise service bus (ESB) |
| Information security and legal value |

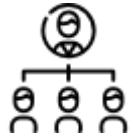
# 3. Implementation strategy and process: rules and organization



## Legal regulation

*E-Budget* IS design and development concept
*(needs, objectives, goals, principles, architecture, funding)*

*E-Budget* IS Regulation
*(purpose, structure, functions, stakeholders, ensuring access, legal treatment, etc.)*



## Activity organization

IS Architecture Board
*(decision-making on the IS architecture)*
IS Functions Board
*(decision-making on subsystem functionality)*
Design Teams
*(arrangements for the development and implementation of subsystems)*

Inter-ministerial Committee to Accept the Project Deliverable

# 3. Implementation strategy and process: issues to consider



## Typical questions do not imply standard answers

**COTS, adjustments to the existing software or a custom-developed IS?**

*F(availability at the market, application scope, required adjustment scope, customized development and ownership costs)*

**A single developer, several independent developers or a consortium of developers?**

*F(control loss probability rate, costs of support)*

**Implementation approach – 'Big Bang', parallel, function-wide or process-wide?**

*F(function or process criticality level, resource availability, controllability and compatibility)*

**Is it software that determines the requirements to methodology or is it methodology that determines the requirements to software?**

*F(methodology amendment degree, SW platform adjustment degree)*

# 3. Implementation strategy and process: solutions



**SW Platform:**

New (7 + 3)

*MARKET*(5)

Upgrades (3)

Existing (1)

**Developers and tools:**

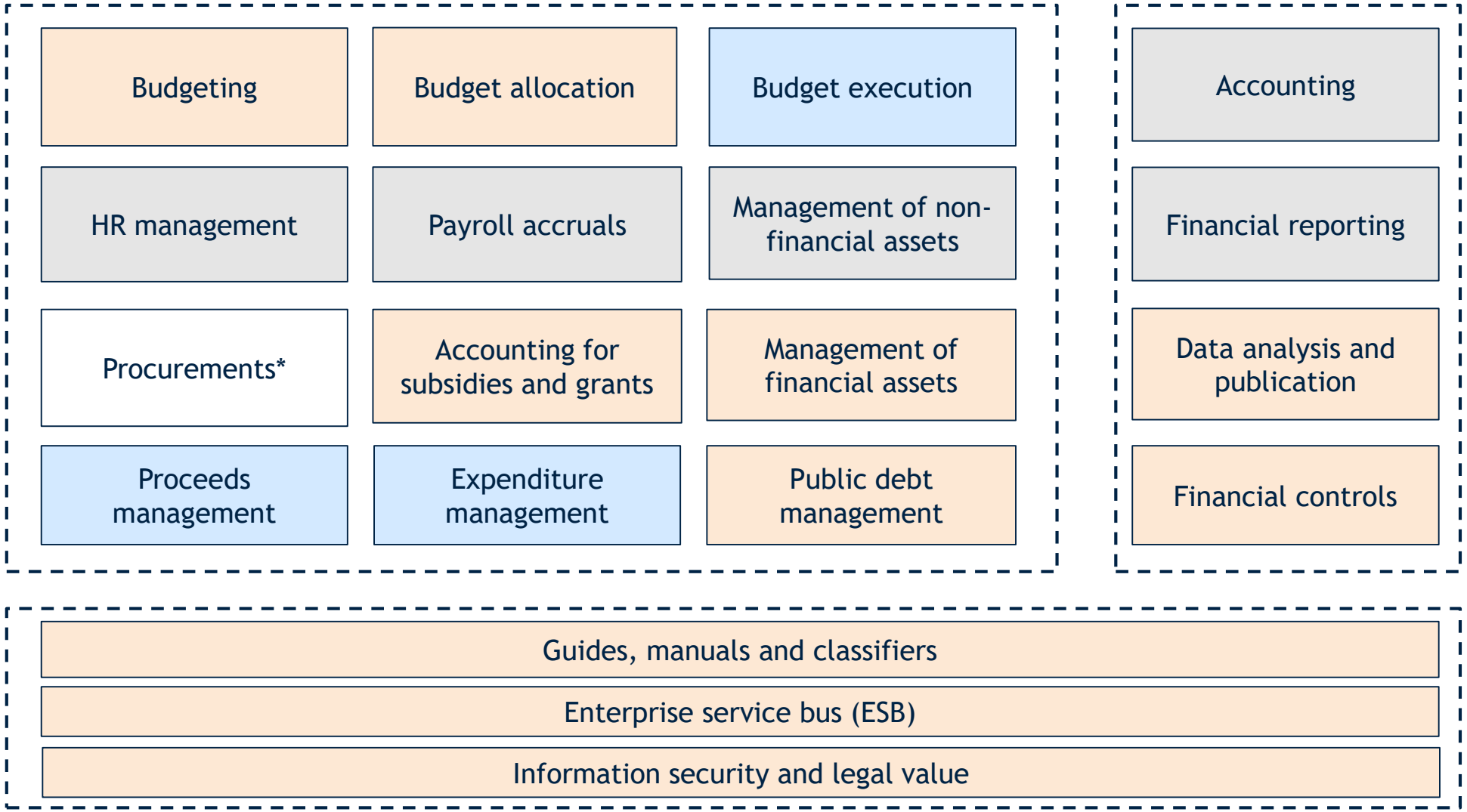
Diverse

**Methodology vs. SW:**

Coordination

**Implementation:**

Combined



# 4. IFMIS features and current status



**Status:**

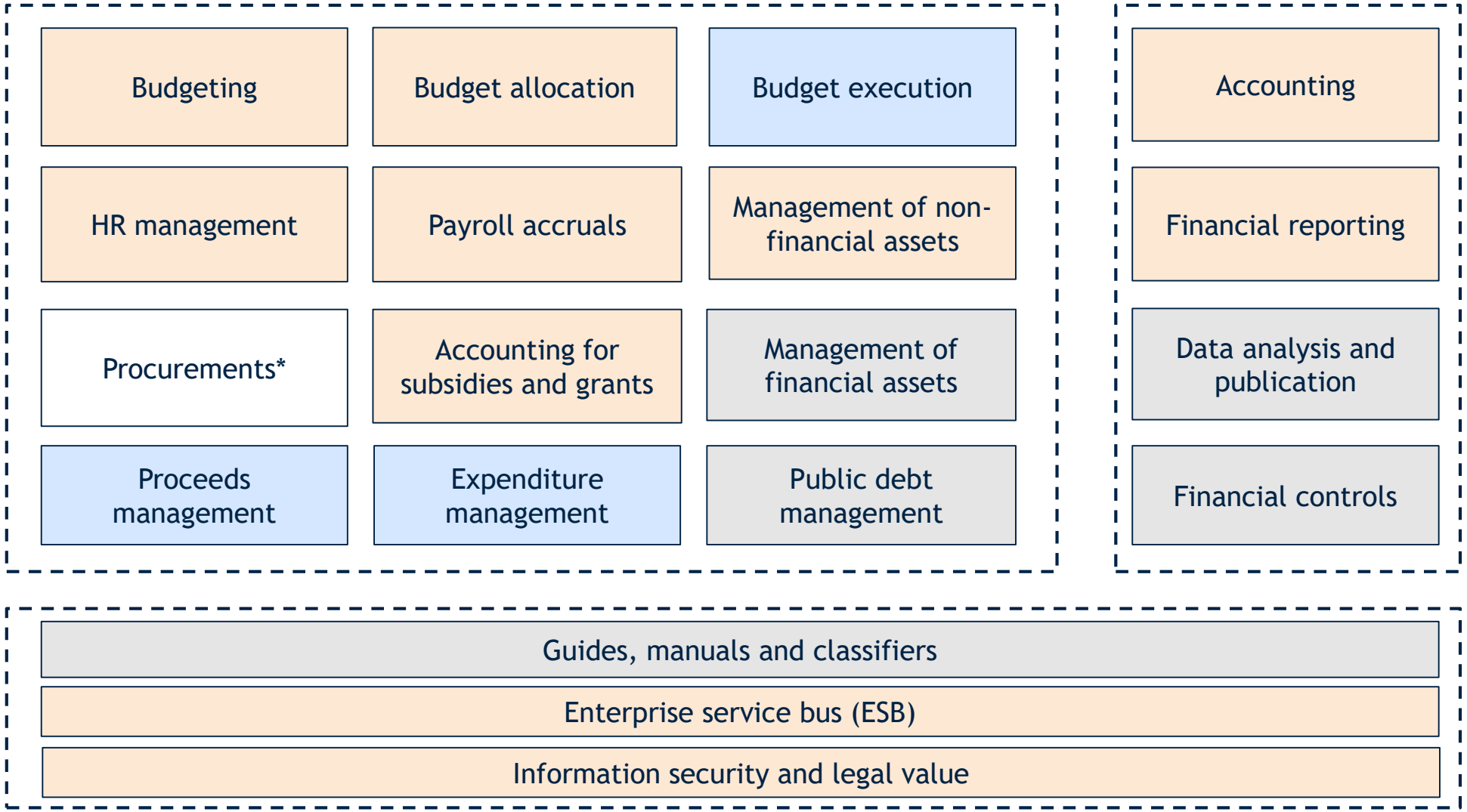
- Implemented (8 + 2)
- Underway (5)
- Upgrades (3)
- Existing (1)

**Number of users:**

> 100 000

**Number of documents processed:**

> 1 000 000 per day



# 5. Benefits and costs



## Benefits ☺

**Ensured interlinking** of budgeting, procurement, HR, function, accounting and control procedures

**Tools created** to streamline financial costs and labor consumption

**Improved transparency** in public finance inflows and outflows

## Costs ☹

An extensive revision is required in particular in terms of **legal and regulatory framework and process methodologies**

Development and implementation requires extensive financial and labor inputs

**Support and upgrades are highly complex** because of a high degree of interconnectivity between methodologies and technologies

# 6. Lessons learned and conclusions



## Perception

*Understanding the need to have an appropriate IFMIS. IT is a tool*

## Designing

*Architecture is of primary importance. Details only come after it*

## Implementation

*This is not a pure IT challenge*

## Activity organization

*Design teams. Responsibility for the deliverables and delivery on time*

## Implementation

*Balancing technology possibilities and methodology requirements*

## Support and expansion

*Different approaches. All questions to be asked through Help Desk*