THE FEDERAL REPUBLIC OF NIGERIA

F E D E R A L   M I N I S T R Y   O F   F I N A N C E

**Government Integrated Financial Management
Information System (GIFMIS)**

Background, Implementation Strategy and Status

HEAD OF BOF ICT UNIT

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BACKGROUND:

1.1   Introduction:

Since July 2003, the Federal Government had taken bold steps to begin the tackling of the deep-seated risks to macroeconomic and fiscal stability and also to address key sources of economic inefficiency. As such, it is implementing policies to strengthen economic management and to deal with weak governance and corruption. The budget function has been consolidated in a strengthened Budget Office and greater transparency has been introduced to public expenditure management through regular publication of allocations of federation revenues to all tiers of governments, and through widespread dissemination of information on budget allocations and execution.

The budget is becoming better aligned with Nigeria's poverty reduction priorities. Subsidies, which benefited better off Nigerians are being eliminated and ploughed back into other expenditures that could benefit poorer Nigerians. Greater financial controls have been put in place through the creation of a Cash Management Committee chaired by the Minister of Finance, thus

limiting the extent of deviation between budget and actual expenditure and the accumulation of new expenditure arrears.

The Government recognises nevertheless that additional challenges remain and that public expenditure management needs to be further strengthened to (i) build an integrated budget based on programs that are clearly linked to key development objectives; (ii) ensure greater accountability from budget holders; (iii) allow greater emphasis on budget outcomes and impact; and (iv) identify and address remaining sources of leakage in budget execution in order to strengthen efficiency of public expenditures.

This will require in addition to changes in policies and regulations, considerable modernization and automation of current budget and financial management and procurement practices.

1.2   Economic Reform and Governance (ERG) Project:

The ERP project was approved by World Bank in December 2004 and in line with the federal government's goal to significantly strengthen governance and accountability, reduce corruption and deliver services more effectively, the objectives of this project are twofold:

  i.   to improve the federal government's economic and financial management systems and processes; and
  ii.   to firmly establish a reform process of the federal civil service to improve professionalism and the government's ability to deliver services.

The project has four broad areas of support:

  i.   public resource management and targeted anti-corruption initiatives;
  ii.   pilot civil service administrative reform;
  iii.   pensions reforms; and
  iv.   statistics and statistical capacity.

1.3   Government Integrated Financial and Management Information System (GIFMIS):

GIFMIS is a sub component of the ERGP which will support the public resource management and targeted anti-corruption initiatives area through modernising fiscal processes using better methods, techniques and information technology.

GIFMIF is aimed at improving the acquisition, allocation, utilisation and conservation of public financial resources using automated and integrated, effective, efficient and economic information systems. It will aid strategic management of public financial resources for enhanced accountability, transparency, cost effective public delivery, and economic growth and poverty reduction efforts.

1.3.1 Purpose of GIFMIS

The purpose of introducing GIFMIS is to assist the FGN in improving the management, performance and outcomes of Public Financial Management (PFM).

1.3.2 Objectives of GIFMIS:

The overall objective is to implement a computerised financial management information system for the FGN, which is efficient, effective, and user friendly and which:

> - Increases the ability of FGN to undertake central control and monitoring of expenditure and receipts in the MDAs
> - Increases the ability to access information on financial and operational performance.
> - Increases internal controls to prevent and detect potential and actual fraud.
> - Increases the ability to access information on government cash position and economic performance.
> - Improves medium term planning through a Medium Term Expenditure Framework (MTEF).
> - Provides the ability to understand the costs of groups of activities and tasks.
> - Increases the ability to demonstrate accountability and transparency to the public and cooperating partners.

1.3.3 GIFMIS Scope:

GIFMIS will be used to support the government in all aspects of budget preparation, execution and management of government financial resources. The system will cover all spending units financed from the government budget, and will process and manage all expenditure transactions (including interfaces) pertaining to these units. All steps in the expenditure cycle including, budget appropriations, financing limits, commitments, verification and payment transactions will be recorded by and managed through the system. In other words, the system will be a modern, efficient and user-friendly facility, providing comprehensive information on all the financial affairs of the government. This will act as a reliable basis for multi-year budgeting, annual budgeting, commitment control, payment control, financial and cash management and economic planning.

The financial management functions of the GIFMIS will cover the entire financial management cycle including, Budget preparation, Budget execution and Financial Reporting.

1.3.3.1 GIFMIS and Budget Preparation:

GIFMIS will facilitate preparation through the following:

a) Integrating all processes of Budget Preparation into GIFMIS (Budget policy setting, ceilings management, and budget preparation at Agency and Ministry levels as well as the budget consolidation process at Budget Office of the Federation and approval by National Assembly).

b) Providing a reliable basis for forecasting through easy storage and retrieval of budget performance information for previous periods.

c) Facilitating scenario building and revenue forecasting for the different revenue streams.

d) Enabling Personnel Budgeting through providing capability to review different personnel management scenarios (recruitment, promotion and retirement levels).

e) Facilitate budget implementation through availing real-time information about budget performance.

1.3.3.2 *GIFMIS and Revenue Collection:*

GIFMIS will facilitate revenue collection through the following:

a) Integrating all processes of independent revenue into GIFMIS.

b) Building electronic interfaces with systems of revenue collecting agencies (NNPC, Federal Customs and Federal Inland Revenue Services, etc).

c) Plugging loopholes in the collection and remittance of revenue deductions by MDAs.

d) Improving the effectiveness of transfer of collections to the Treasury through implementation of the Treasury Single Account (TSA) and enabling automatic computation of tax deductions (PAYE, VAT and Withholding tax) and automatic real-time remittance to designated accounts of tax authorities or Treasuries.

1.3.3.3 *GIFMIS and Cash Management:*

GIFMIS will facilitate an efficient cash management system through implementation of the Treasury Single Account for all Agencies of the Federal Government. More specifically, GIFMIS will facilitate the following:

a) Compilation of the MDAs periodic (weekly, monthly, yearly) expenditure needs as part of the cash planning process.

b) Fast tracking inflow remittance to eliminate the receipts float into the Consolidated Revenue Fund.

c) Restrict warrants issued to the available cash to ensure commitments are kept in check.

d) Enable online tracking of cash utilization by the different agencies of government.

e) Provide a reliable basis for decision making by the key stakeholders in the cash management cycle.

1.3.3.4 *GIFMIS and Commitment Management:*

GIFMIS will facilitate the management of commitments by:

a) Ensuring all requests for commitment are made on the system and tacked through the various stages of processing.

b) All suppliers to Government are registered through a central database.

c) Real-time reports are available to track commitments of all government Agencies

1.3.3.5 *GIFMIS and Financial Reporting:*

GIFMIS will facilitate improvement in Transparency and Accountability in the management of the Federal Government resources by:

a) Enabling implementation of a standard, robust multi-segment Chart of Accounts throughout all the agencies of the federal government.

b) Enabling production of real-time financial statements for use by all internal stakeholder s as well as the general public.

c) Facilitating publication of monthly budget performance reports at all websites and agency /FPO notice boards.

1.3.4 *GIFMS PROECT GOVERNANCE STRUCTURES:*

1.3.4.1 *The Purpose of the Governance Structures:*

The Governance Structure details the structure approved by the Honourable Minister of Finance for the implementation of the GIFMIS (details are available in the GIFMIS Project Charter). The Governance Structures indicate the different structural set ups, the composition of those different structures, and the relationship/links between the structures. The Governance Structures also indicate the issue escalation procedures for all project related matters.

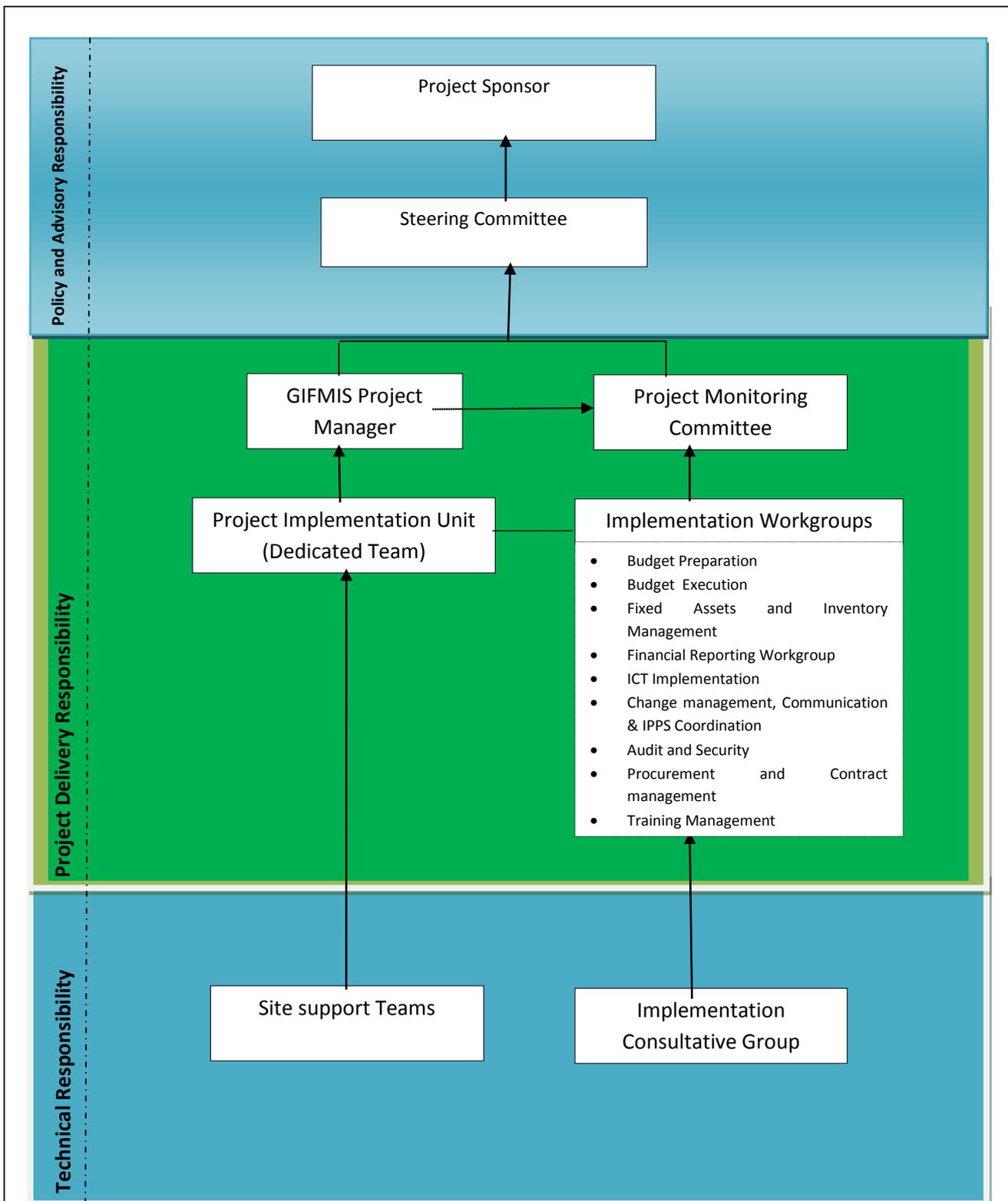#### 1.3.4.2 *Responsibility of the Governance Structures:*

The Governance Structures are established and managed by the GIFMIS Steering Committee to provide a structural mechanism to enable the effective management of all the implementation activities, and as a first step towards addressing the critical success factors.

These structures include the following:

- The Project Sponsor

- The Project Steering Committee

- The Project Monitoring Team

- The Project Workgroups

- The Project Manager

- The Project Management Unit

- The site support teams and

- The Implementation Consultative Group (Users Forum)

1.3.4.3   *The Project Organisational Structures:*

Figure 1: The governance structure is as below:

Policy and Advisory Responsibility

Project Sponsor

Steering Committee

Project Delivery Responsibility

GIFMIS Project Manager

Project Monitoring Committee

Project Implementation Unit (Dedicated Team)

Implementation Workgroups

- Budget Preparation
- Budget Execution
- Fixed Assets and Inventory Management
- Financial Reporting Workgroup
- ICT Implementation
- Change management, Communication & IPPS Coordination
- Audit and Security
- Procurement and Contract management
- Training Management

Technical Responsibility

Site support Teams

Implementation Consultative Group

5.1 Implementation Approach Framework

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1.3.5 GIFMIS IMPLEMENTATION STRATEGY:

1.3.5.1 Accelerated Deployment of the E-payment TSA-Enabling Functionality:

All MDAs of the federal government are to be provided with the GIFMIS e-payment functionality to handle both Revenue Collection and Payments management in line with the CBN e-payment directives. This ensures realization of quick wins and helps to build support for the reforms.

1.3.5.2 Continue Incremental System Implementation:

An incremental approach (functionality and coverage) employed in Phase 1 is to be continued as per the schedule below:

PFM Processes	Number of MDAS in Phase and Year			
	PHASE I	PHASE II		
	2012	2013	2014	2015
Budget Preparation	0	1[1]	679	141
Budget Warranting	821	0	0	0
Procurement and Commitment Management	0	0	217	604
E-payment (TSA functionality)	93	124	403	141
Revenue Management	0	0	680	141
Financial and Budget Reporting (real-time)	93	124	403	141
Fixed Assets management	0	0	217	604
Stores Management	0	0	217	604
Interface with IPPIS	0	0	1	0
Interface with CBN/RTGS/REMITA	1	0	1	0
Interface with Revenue collecting Agencies (NNPC, IFRS, Customs, DPR)	0	0	1	3

1.3.5.3 Building Sustainable System support structures:

a) Sustainable end-user support structures are to be established across the country to ensure that all issues that arise can be addressed in time. Particularly, Federal Pay Offices (FPOs)will be converted into GIFMIS Training and Support Centres.

b) Provision of appropriate training for all staff.

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[1]Budgets for all MDAs were entered by users from BOF for the budget year 2014.

1.3.5.4   *Build a strong Coalition for Change:*

a) A strong and closer relationship between OAGF, BOF, CBN, FIRS and DMO is to be ensured. CBN will provide and ensure reliability of the payment gateway, quality of the bank statements, and to enforce the e-payment efficiency guidelines against Deposit Money Banks.

b) Extensive Training will be undertaken beginning March 2012 through December 2014 and continue beyond the implementation phase. This should include both Training of Trainers and end-users as necessary.

c) Extensive Change Management and Communication should be undertaken throughout the period January 2012 to December 2014. This will include formal launching of GIFMIS by the highest Political office holder possible.

1.3.5.5   *Ensure Continuous System Improvement:*

a) GIFMIS computing infrastructure will be continuously enhanced to ensure system performance and capacity remain adequate.

b) Continuous improvement of GIFMIS Security should be ensured through regular assessment of vulnerability and provision of appropriate enhancements.

1.3.5.6   *Strengthen Implementation and support structures:*

a) Post appropriate staff to the GIFMIS Implementation Unit.

b) Distinguish system user roles from Implementation responsibilities.

c) Provide adequate incentives to the GIFMIS Dedicated Team to ensure their commitment.

1.3.5.7   *Ensure funding Stability:*

a) The World Bank to be requested to extend the validity of funding under ERGP (especially funding the support provided by the vendor and any implementation services) beyond project closure date (February 2013), to avoid Vendor disruption, and to give the system and structures adequate time to mature and take foothold.

b) Provide for GIFMIS in the Medium Expenditure Framework of government to ensure sustainability.

Figure 2: **GIFMIS Implementation Approach Framework**
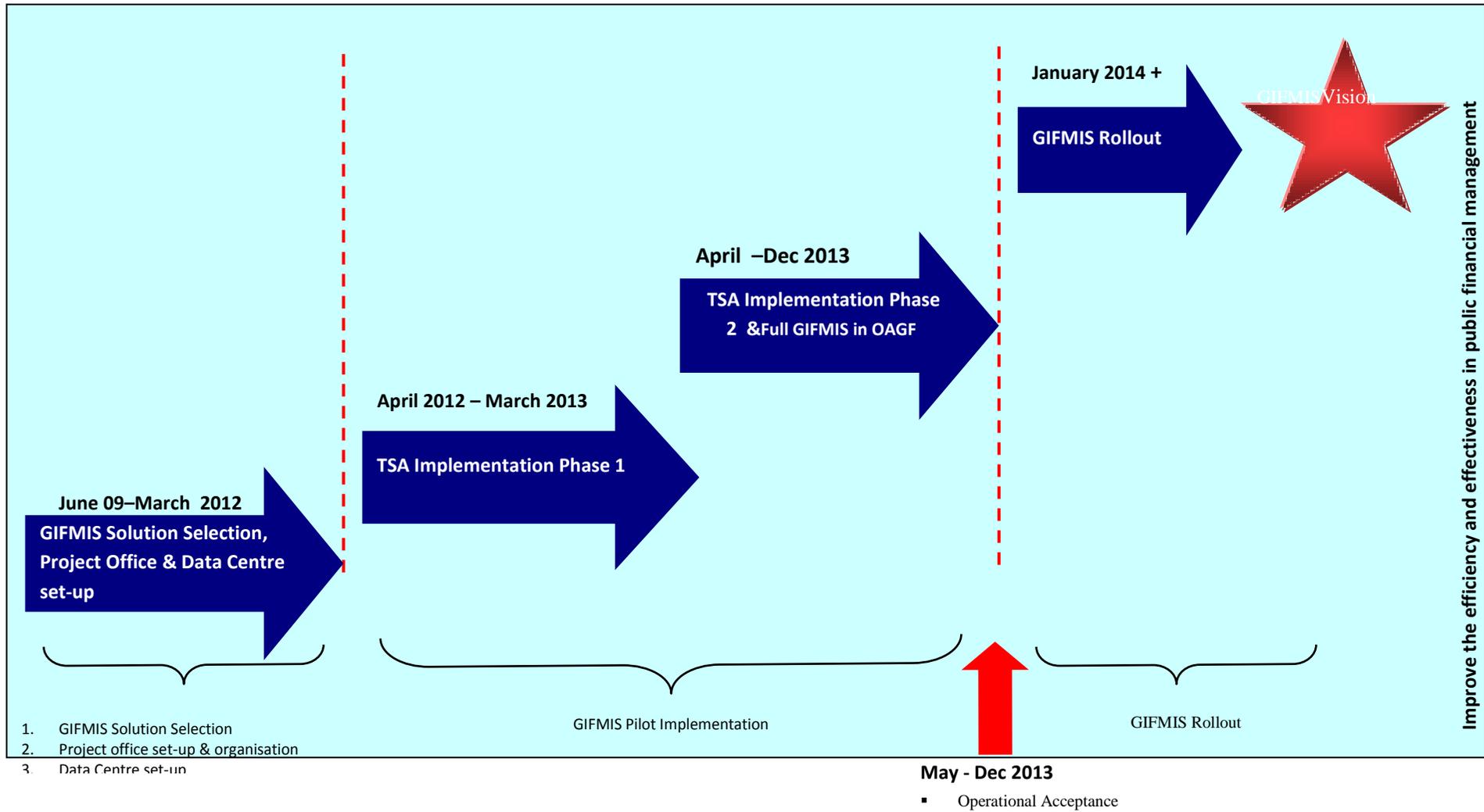
1.3.6 GIFMIS Implementation Status:

1.3.6.1 Facilitating implementation of the Treasury Single Account (TSA):

GIFMIS went live of 2nd April 2012 with limited functionality to enable TSA implementation in line with the Implementation strategy. The status is as follows:

TSA IMPLEMENTATION SUMMARY				
S/N	CATEGORY	Number of MDAs	MDA BUDGET FOR THE YEAR 2013	
			AMOUNT	PERCENTAGE%
1	TSA BATCH I (02/04/2012)	93	2,490,844,534,996.21	49.42
2	TSA BATCH II-GROUP 1 (30/04/2013)	116	476,745,917,066.05	9.46
	Total as at 30th June 2013	209	2,967,590,452,062.26	58.88
3	Voluntary Additions	8	15,119,598,493.25	0.30
	Total as at 31stDecember 2013	**217**	**3,920,504,279,181.43**	**59.18**

1.3.6.2 GIFMIS Achievements in Numbers:

Tracking Indicator	2nd April 2012	30th June 2013	31stDec. 2013
Number of MDAS	93	209	217
Number of Users on the System	30	1932	2195
Cash plans, Warrants and Releases and	0	100%	100%
TSA MDA Budgets as % of Total Budget.	48%	58.8	59.18
Number of Payment orders Concluded	0	4,701,055	6,893,883
Value of Payment Orders Concluded	0	4trillion	5.792tn
Monthly Average Cash Balances	-106.60bn	19bn	
Ways and means Financing costs	12.8bn	0	
Cash backing time (TSA)	28 days	0 days	0days