



USAID
FROM THE AMERICAN PEOPLE

FMIS SITUATION ASSESSMENT

FINAL REPORT
ANNEXES

January 20, 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by Michael Bitz and Tass Thassim of International Business & Technical Consultants, Inc., Baghdad, Iraq.

FMIS SITUATION ASSESSMENT

FINAL REPORT

ANNEXES



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Monitoring and Evaluation Performance Program, Phase II (MEPP II)

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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Appendix A – Assessment Scope of Work

Scope of Work

Financial Management Information System (FMIS) Technical Review

The Economic Growth and Agriculture Office

Background:

USAID and the Ministry of Finance (MoF) signed a Memorandum of Understanding (MoU) on January 14, 2008. The MoU outlines an agreement to cooperatively identify and resolve technical issues and transfer full ownership of the FMIS system to MoF. While USAID may continue to offer limited technical assistance to the MoF to operate, maintain and update their system – GoI will assume full ownership of the computer hardware and the software.

Operationalizing the FMIS is also a key component of the GoI's International Monetary Fund Stand-by Arrangement (IMF-SBA), which outlines requirements that GoI must fulfill to be eligible for IMF emergency assistance and debt cancellation from the Paris Club. The IMF SBA emphasizes the need to continue modernization of the existing semi-automated legacy system, which remains time-consuming and vulnerable.

Purpose of evaluation:

This evaluation is intended to assess the viability and utility of the FMIS system at this stage in Iraq's financial development. ***The evaluation will assess GoI management and system requirements and capabilities to successfully implement the system.*** The evaluation will focus specifically on the General Ledger component of the FMIS. The report will be an important source of stakeholder's perspectives and will inform decisions between USG and GoI regarding future implementation of the system. The findings will be shared with USAID, GoI Ministry of Finance, Treasury, US Embassy Economics Section, BearingPoint, IMF, WB, and DfID. It is important to note, this evaluation is not an audit, nor is it an evaluation of Bearing Point's performance as an implementing partner, nor is it an evaluation of the appropriateness of the software selected.

Questions to be answered

- 1- What is the current status of FMIS implementation and usage in the GoI's MoF including:
 - a. the completeness of required financial data;
 - b. the suitability of FMIS reports for MoF needs;
 - c. the technical capacity of MoF staff to implement, utilize and maintain FMIS;
 - d. GoI plans for rollout and funding.
- 2- Based on the current status of FMIS implementation and institutional support by the GoI, what is a realistic target date that the system will be fully functional and funded? What steps are being taken by the GoI and the USG to transfer ownership and responsibility? What additional work is essential to ensuring full implementation and sustainability of the FMIS?
- 3- What resources (financial and other) have been devoted to sourcing, funding, and implementing the system thus far by the USG?

Specifically the final report should address:

- Current functionality of the FMIS General Ledger
 - Data entry

- Data processing and analysis
- Completeness of required financial data
- Staff capacity to implement, modify and maintain the system
- Hardware suitability and connectivity
- Report generation
 - Suitability of report configurations and types to the needs of the MoF
 - Efficacy, accuracy and ease of use
 - Adaptability in customizing alternate reports if needed
- Recommendations
 - Identification of benchmarks necessary for full implementation
 - Institutional and organizational needs of GoI for the successful implementation of the FMIS

Schedule and Logistics

Meetings with relevant MOF, USAID, US Treasury Department, US Department of State and DfID officials; BearingPoint consultants; and other relevant stakeholders will be conducted in Iraq.

USAID will expect a number of briefing meetings with the evaluation team, including an in-brief, mid-evaluation briefing and out-brief meeting.

Team Composition and Participation

The team should be composed of specialized auditors familiar with FMIS, budget preparation and accounting. The team should be familiar with the application, operation and maintenance of FreeBalance software. It is envisioned that the team should include two expats and four-five local staff. USAID reserves the right to review and approve resumes of proposed candidates. The skill sets sought are as follows:

Evaluation Methodology

The on-site evaluation of FMIS implementation, efficacy and utility will focus on 10 spending units proposed by MoF. Target units are currently being identified. Staff assigned to the 10 spending units are scheduled to receive additional capacity building training and mentoring in IT and data entry and to test newly introduced FMIS features. Methods should include (but are not limited to) testing FMIS functionality including report generation, systems maintenance, ease of customization and ease of user interface. The evaluation will also assess staff capacity by soliciting feedback from end-users on training provided. This will be supplemented with information gleaned from interviews with managers and other consumers of FMIS information. The contractor shall also interview key MoF staff including the Director General of Information Technology, the FMIS Team Leader and the Acting Director General of Accounting and relevant staff. If possible, higher-level MoF officials should be interviewed to assess the Ministry's experience with the FMIS project and to confirm its readiness to move forward with full implementation. The contractor should propose other relevant or useful methods as required.

Most of the work will occur in the International Zone. Local staff at BearingPoint will be available to work with the contractor to guide and mentor the team throughout this process. BearingPoint maintains a satellite system in their compound. Testing the system and generating sample reports can be accomplished there. Interviews with GoI officials to assess how the system is being used in a practical sense will be a key aspect of the evaluation. Most of the interviews and site visits will be in the International Zone where the main system is housed. However, travel to the Red Zone may be necessary to meet with key Ministry officials. To fully understand the varied dynamics of FMIS implementation, interviews with stakeholders like other USG counterparts and donors will also be very important. The consultant team and USAID will jointly determine additional key actors to interview to get

a good representation of different stakeholder interests and perspectives in light of time and security constraints.

Existing Performance Information Sources:

In October 2007, Special Inspector General for Iraq Reconstruction (SIGIR) auditors concluded an evaluation of the FMIS titled 'Interim Report on Efforts and Further Actions Needed to Implement a Financial Management Information System in Iraq.' The report calls for an independent Gol sponsored audit of FMIS and advised Gol commitment before resuming work on the FMIS. To date a follow-on independent audit has not yet been initiated. As described above, Gol commitment to proceed with work on the FMIS was negotiated and a cooperative agreement was outlined in the January 14, 2008 MoU between USAID and Gol. **This evaluation is an independent assessment that will assist USAID in fulfilling its obligations to the Gol regarding FMIS completion as outlined in the MoU. It is not intended to be an audit.**

Deliverables: Report and Disseminating the Evaluation Findings

The evaluation team should submit to USAID, a draft work plan before the in-brief meeting. This work plan may change based on discussions during the in-brief meeting. The draft report will be submitted to USAID and discussed during the out-brief meeting.

The report will address each of the issues identified in the SOW and any other factors the team believes have a bearing on the objectives of the assessment. The format of the final report should conform to the following guidelines:

Report Format

- Table of Contents
- Table of Figures and/or Tables
- Preface or Forward - optional
- Acknowledgements - optional
- Project Summary Acronyms
- Executive Summary (4-6 Pages)
 - I. Introduction (body of the report I-VIII should be no more than 40 pages)
 - II. The Development Problem and USAID's Response
 - a. Problem Statement
 - b. USAID's Intervention in Response to the Problem Statement
 - III. Purpose of the Evaluation
 - IV. Research Design and Evaluation Methodology
 - V. Findings
 - VI. Conclusions
 - VII. Recommendations
 - VIII. Lessons Learned
 - IX. USAID Response to Report Recommendations
 - X. Annexes
 - a. Assessment Scope of Work
 - b. Description of the assessment methodology used
 - c. Bibliography of documents consulted
 - d. List of persons contacted/consulted

Upon submission of the final report and following approval from USAID, IBTCI will submit the final report to the Development Experience Clearinghouse (DEC).

Appendix B – Bibliography of Documents Consulted

#	Date	Group	Source	Report Title	Comments
1	11/21/2008		IBTCI	Appendix 3 2006 Capacity Building Eval inclusive FMIS	
2	11/21/2008		IBTCI	Final Capacity Building Appendices mod 22 Apr hh	
3	11/21/2008		IBTCI	FMIS M and E Draft Work Plan	
4	11/21/2008		IBTCI	FMIS review documentation from WB 28 June 08	
5	11/21/2008		IBTCI	FW FMIS Assessment EG team's list of Key Contacts for the Ass	HTML Link
6	11/21/2008		IBTCI	IFMIS MOU English Signed (2)	
7	11/21/2008		IBTCI	IFMIS BPN 080523 V2	
8	11/21/2008		IBTCI	IFMIS_final 080116 Circulation copy	
9	11/21/2008		IBTCI	IMF Stand By Agreement Iraq 08	
10	11/21/2008		IBTCI	Implementing FM Info. System Project (Bill)	PowerPoint Presentation
11	11/21/2008		IBTCI	Iraq - Request for Stand-By Arrangement and Cancellation of	
12	11/21/2008		IBTCI	TFBSO - Treasury Department	PowerPoint Presentation
13	11/21/2008		IBTCI	WB FMIS Project risk table	
14	11/21/2008		IBTCI	IMF Review of FMIS 1, 2, 3 & 4	There are four separate documents which make up one report
15	11/21/2008		IBTCI	2006-06-30 to 2008-08-31 USAID Monthly Report - Final	This encompasses 23 separate reports for the period
16	11/21/2008		IBTCI	2007-03-15 to 2007-07-15 USAID Progress Report	This encompasses 5 separate reports for the period

#	Date	Group	Source	Report Title	Comments
17	11/21/2008		IBTCI	2007-2008 Workplan -- FINAL Dec31	
18	11/21/2008		IBTCI	2008-07-19 EGII Draft Workplan through April 2009 - FINAL v2	
19	11/21/2008		IBTCI	2008-09-27 USAID EGII RFP Response Final	
20	11/21/2008		IBTCI	Action Memo to Ambassador	
21	11/21/2008		IBTCI	EGII WorkPlan Nov06 final	
22	11/21/2008		IBTCI	IFMIS MOU English Signed	
23	11/21/2008		IBTCI	Work Plan 200804-200909 v3 Final	
24	11/21/2008		IBTCI	SIGIR Report on FMIS Oct 07	SIGIR Report
25	11/21/2008		IBTCI	Attach 01_2007.11.20 - Signed Letter from Chris Crowley to D	SIGIR Report
26	11/21/2008		IBTCI	Attach 02_2003.08.28 - Iraq First 12 SOW Summaries USAID	SIGIR Report
27	11/21/2008		IBTCI	Attach 03_2003.10.27 FMIS Detailed BE Internal Workplan	SIGIR Report
28	11/21/2008		IBTCI	Attach 04_2004.02.09 - FMIS Implementation Situation Report	SIGIR Report
29	11/21/2008		IBTCI	Attach 05_2007.05.29 - Table of IFMIS Status - 182 Sites, by	SIGIR Report
30	11/21/2008		IBTCI	Attach 06_2004.11.22 - FMIS Rollout Plan	SIGIR Report
31	11/21/2008		IBTCI	Attach 07_2004.12.12 - FMIS Rollout Matrix	SIGIR Report
32	11/21/2008		IBTCI	Attach 08_2005.03.31 - FMIS Rollout Matrix	SIGIR Report
33	11/21/2008		IBTCI	Attach 09_2005.05.31 - FMIS Rollout Matrix	SIGIR Report
34	11/21/2008		IBTCI	Attach 10_2007.04.11 - IFMIS Training Figures - Carney	SIGIR Report
35	11/21/2008		IBTCI	Attach 11_2006.06.12 - Letter from Minister Allawi to US Amb	SIGIR Report
36	11/21/2008		IBTCI	Attach 12_2007.02.27 - Orders from the Minister for IFMIS Im	SIGIR Report
37	11/21/2008		IBTCI	Attach 13_2007.11.19 - FMIS_Costs-incurred and projected EGI	SIGIR Report
38	11/21/2008		IBTCI	SIGIR 08-007 IFMIS Audit Report (1-25-08), FINAL	SIGIR Report
39	11/21/2008		IBTCI	DCM Action Memo- USAID Reply SIGIR-IFMIS 10-15-07	SIGIR Report
40	11/21/2008		IBTCI	SIGIR Qs for USAID on IFMIS (12-4-07), Final	SIGIR Report
41	11/21/2008		IBTCI	USAID Reply SIGIR-IFMIS 10-15-07	SIGIR Report
42	11/21/2008		IBTCI	USAID Response to SIGIR Interim Report on Efforts and Further	SIGIR Report
43	11/4/2008		BearingPoint	EGII IFMIS Technology Training	Table of Content Only
44	11/4/2008		BearingPoint	IT Configuration Guide v1.31_11-03-08 - Draft	Table of Content Only
45	11/4/2008		BearingPoint	IT Process Guide v1.6 - Draft	Table of Content Only
46	11/11/2008		BearingPoint	2008-08-25 Meeting Minutes - IFMIS MoF Functional	

#	Date	Group	Source	Report Title	Comments
47	11/11/2008		BearingPoint	2008-09-30 Exit Report Roberts	
48	11/11/2008		BearingPoint	2008-10-05 Exit Report Blake	
49	11/11/2008		BearingPoint	Accounting Advisor Follow Up	
50	11/11/2008		BearingPoint	accting manual vol 2	
51	11/11/2008		BearingPoint	Challenges with MoF for IFMIS November 5 2008	
52	11/11/2008		BearingPoint	CPAORD_95_Financial_Management_Law_and_Public_Debt_Law_with_Annex_A_and_B	
53	11/11/2008		BearingPoint	FAMDirectionsandForms2006April22	
54	11/11/2008		BearingPoint	Functional Accounting Training Outline	
55	11/11/2008		BearingPoint	IFMIS 2nd Quarter Observations	
56	11/11/2008		BearingPoint	IFMIS Reporting Rev RR	
57	11/11/2008		BearingPoint	Internal Memorandum 87vs95	
58	11/11/2008		BearingPoint	Creating Vendors	
59	11/11/2008		BearingPoint	Iraq Bank Reconciliations	
60	11/11/2008		BearingPoint	Iraq Expense Vouchers	
61	11/11/2008		BearingPoint	2008 government contracts execution instructions English	
62	11/11/2008		GoI - MoF	IZ	Locations in the IZ of SU
63	11/11/2008		BearingPoint	1-FMIS Roll out matrix	
64	11/11/2008		BearingPoint	Practical Concerns Regarding the IFMIS Installation	
65	11/11/2008		BearingPoint	IMF mission report March 08	
66	11/11/2008		BearingPoint	IMF SBA 2008	
67	11/11/2008		BearingPoint	IFMIS Phase I II 1 Feb 8 07	
68	11/11/2008		BearingPoint	PB_Blueprint_final-1	
69	11/11/2008		BearingPoint	BE Internal Memorandum-meet counterparts	
70	11/11/2008		BearingPoint	Treasury Directions Number 001- final	
71	11/11/2008		BearingPoint	Treasury Directions Number 001	
72	11/11/2008		BearingPoint	Volume 1 revised final 1	
73	11/12/2008		BearingPoint	Iraqi regions full training needs assessment	
74	11/12/2008		BearingPoint	Business Processes_final	
75	11/13/2008		BearingPoint	MOF DG IT Organization Chart & Governing Law English	
76	11/14/2008		BearingPoint	MOF Ministerial Directive dated 11th November 2008 in Arabic and English	
77	11/16/2008		BearingPoint	IMF 3569416 - Iraq TA Report--Reform Priorities in Public Financial	

#	Date	Group	Source	Report Title	Comments
				Management April 2008	
78	11/16/2008		BearingPoint	FMIS SU Survey National Ass., Integrity Commission.nov.16.08 English	
79	11/18/2008		BearingPoint	IMF IFMIS Reporting Requirements Matrix	
80	11/18/2008		BearingPoint	IFMIS MOF IT Recommended Annual Recurring Budget	
81	11/20/2008		BearingPoint	COA Arabic 2007 Modified	
82	11/20/2008		BearingPoint	COA Arabic Assets & Liabilities	
83	11/20/2008		BearingPoint	COA Arabic Org & Sub Structures	
84	11/20/2008		BearingPoint	COA Arabic Expenses, Revenues and Non Financial Assets	
85	11/27/2008		BearingPoint	IFMIS MOF IT Recommended Final Budget	
86	11/27/2008		BearingPoint	IFMIS Inventory of IT Equipment to Handover	
87	11/27/2008		BearingPoint	IFMIS Work Plan and Outstanding Activities	
88	11/27/2008		BearingPoint	MOF Budget Manual Preparation & Business Process	
89	11/27/2008		BearingPoint	IT Production Server Configuration Chart	
90	11/27/2008		BearingPoint	IT DR Server Configuration Chart	
91	11/27/2008		BearingPoint	IT IFMIS Training Manual	
92	11/27/2008		BearingPoint	IT IFMIS IT Technology Training Manual	
93	11/27/2008		BearingPoint	IT IFMIS Installation Guide	
94	11/27/2008		BearingPoint	IT IFMIS Process Guide	
95	11/27/2008		BearingPoint	IFMIS Financial Accounting Management Directions	
96	11/27/2008		BearingPoint	Performance Budget Installation Guide	
97	11/27/2008		BearingPoint	Treasury Directions	
98	11/27/2008		BearingPoint	Financial Management & Public Debt Law	
99	11/27/2008		BearingPoint	IT Equipment Purchase Order June 2008	

Appendix C – List of Persons Contacted /Consulted

No	Organization	Contact Name	Designation
1	USAID	Mr Mervyn Ellis	EGA Director and EGII CTO
2	USAID	Mr Stephen Fitzpatrick	Deputy EGA Director and EGII CTO
3	USAID	Ms Nadia Dawood	Senior Economic Adviser
4	USAID	Mr Marunga Manda	MEPPII CTO
5	USAID	Ms Erin Holleran	Program Officer
6	US State Department	Mr George Smith	Treasury Attaché
7	Ministry of Finance	Dr Azez Jaffer	Senior Advisor to the Minister of Finance
8	Ministry of Finance	Ms Nawja Hawa	Director General IT
9	Ministry of Finance	Ms Alana Hadi	Deputy Director General IT
10	Ministry of Finance	Ms Zena Adeed (Engineer)	IT Planning Dept
11	Ministry of Finance	Ms Istrabak Hussain (Engineer)	IT Security Dept
12	Ministry of Finance	Ms Khawla Mouhamed	IT Networking Dept
13	Commission of Integrity	Dr Manal Abdul Hadi	Director of Financial & Admin Management
14	Commission of Integrity	Mr Mazin	Budget Accountant - FMIS User
15	Commission of Integrity	Ms Eklas	FMIS User Assistant
16	National Assembly	Mr Ishaia Yonan Hirmez	Director of Financial Management
17	National Assembly	Mr Majed Khuder	Director General of IT Department
18	National Assembly	Mr Ayad Abbas Muhawesh	Head of Internet Section
19	National Assembly	Mr Faris Abdul Hasan	FMIS User
20	National Assembly	Mr Mohammed Abdul Wahab	FMIS User
21	Bearing Point	Mr Jay Doeden	Managing Director
22	Bearing Point	Mr Brian Graul	Chief of Party
23	Bearing Point	Mr David Bufton	Deputy Chief of Party
24	Bearing Point	Mr Rob Rowland	Senior Business Consultant
25	Bearing Point	Mr Eric Rideout	Manager IT
26	Bearing Point	Mr Sathya Adusumilli	Senior Business Consultant
27	Bearing Point	Ms Susana Guajardo	Budget Functional Adviser
28	IBTCI	Mr Jaypnt Kalotra	President
29	IBTCI	Mr Bob Van Heest	Director
30	IBTCI	Ms Cynthis Scarlett	Chief of Party
31	IBTCI	Mr Harvey Herr	Deputy Chief of Party
32	IBTCI	Mr Rich Mason	M&E Specialist

Appendix D – Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT
ON BEHALF OF
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND
THE MINISTRY OF FINANCE
ON BEHALF OF
THE GOVERNMENT OF THE REPUBLIC OF IRAQ
FOR ASSISTANCE TO FINALIZE THE IMPLEMENTATION OF THE
IRAQI FINANCIAL
MANAGEMENT INFORMATION SYSTEM (IFMIS)

ARTICLE 1. PURPOSE

Section 1.1. The Government of the United States of America, acting through the United States Agency for International Development ("USAID"), and the Government of the Republic of Iraq, acting through the Ministry of Finance (the "**MOF**" or the "Ministry") (USAID and the Ministry of Finance are hereinafter referred to as the "Parties") wish to cooperate in a mutual effort to implement an Iraqi Financial Management Information System.

Section 1.2. USAID wishes to furnish and the Ministry wishes to receive in-kind assistance to support the Program. The Ministry will also provide on-going support to this effort and will commit itself to sustaining projects funded in whole or in part with USAID resources. Accordingly, the Parties have concluded the present Memorandum of Understanding ("MOU") to set forth their understandings with respect to their undertakings in support of the stated purpose.

ARTICLE 2. NATURE OF THE ASSISTANCE

Section 2.1. USAID assistance is intended to provide technical support to the program. USAID anticipates that this assistance will be provided from 1 January 2008 – 02 September 2009, although these dates may change subject to the rate of implementation. The support USAID intends to provide to the Ministry pursuant to this MOU will, at USAID's discretion, be furnished through grant and/or contract instruments USAID enters into with private organizations (referred to as "implementing partners.") Those actions that USAID intends to take pursuant to this MOU may be taken either directly by USAID or by a designated implementing partner.

USAID will keep the Ministry informed of the specific nature of the assistance it will provide and seek Ministry input whenever possible. USAID will periodically communicate with the Ministry through letters to keep Ministry leadership informed of progress and changes in the Program. Likewise, the Ministry will periodically report in writing to USAID its assessment of the program's progress. Specifically, the Parties anticipate providing the following in support of the program:

The Ministry of Finance (MDR)

- The MOF will reestablish VSAT Internet connectivity to all spending units by making any outstanding payments, and ensure sustainability by budgeting for ongoing payments. Connectivity charges will be the sole responsibility of the MOF. The schedule of connectivity will be determined by a schedule provided by the MOF as an annex to this document.

Phase I – IFMIS Restart and System Management

- **MOF** staff with the assistance of local project staff will remove the IFMIS servers from the MOF's IT Directorate and arrange transport to the USAID EG II camp as soon as possible so that USAID project technicians can work with Freebalance to resolve outstanding technical issues.
- MOF personnel may, at USAID's discretion, stay temporarily at the USAID EG

It will allow the Parties to better work through technical issues with USAID advisors. This will allow the Parties to work together without interruption. USAID will provide accommodation, and per diem through the EGII contract in accordance with United States Government expense guidelines. It is anticipated that up to six MOF staff will reside at the Project site with an additional two staff working on site daily.

- The MOF will restart the IFMIS server.
- When all system technical issues are resolved, the MOF will relocate the IFMIS back-up servers to a new data center in the Adnan Palace to facilitate USAID advisor access. The backup system will provide full post disaster recovery functionality for the entire IFMIS system

Phase II – Execution of Orders Signed by Minister Bayan Jabr Al-Zubaidy on February 27, 2007:

- In support of the Order previously signed by the Minister of Finance, the MOF will request that the Council of Ministers issue an order to make IFMIS the official system of the Government of Iraq's budgetary, financial and accounting records for financial year 2009, after reconciling functionality with the legacy system.
- The MOF will reaffirm its commitment to work with the USG to immediately activate the Performance Budgeting and Procurement Modules of the IFMIS.
- The MOF will fully execute the Ministry of Finance budget allocated to complete the implementation of the IFMIS. This will include expanding the system to include up to 250 sites (site preparation will be joint MOF/USAID responsibility- MOF to provide hardware, USAID to provide software).
- MOF will provide USAID with a full list of the current legacy system to ensure that the IFMIS system matches the reporting functionality of the legacy system including the International Monetary Fund required reports.

USAID:

USAID intends to provide the following assistance to the MOF:

- USAID advisors to work with the MOF to identify and correct any currently identified technical problems with the IFMIS system and enable the system to absorb 250 sites;
- USAID advisors to provide technical support for restarting the IFMIS servers and for resuming VSAT Internet connectivity for IFMIS sites previously funded under the program (USAID will not pay connectivity charges or equipment charges going forward);
- USAID advisors will facilitate introductions and relationship development for the MOF IT Directorate and appropriate functional staff with all software and hardware vendors. Where possible, project staff will invite vendor staff to Iraq or when necessary will seek out alternative meeting methodologies such as, but not limited to, video conferencing, This will allow the MOF to assume an ownership role over the system software.

- An implementing partner to work with the MOF to develop additional training programs to engender greater understanding of the IFMIS and its abilities. These efforts will be designed to build capacity in the MOF and other Government of Iraq (G01) entities to take full advantage of the program's deliverables.
- USAID Advisors to work to develop a workable offline data-entry tool;
- USAID Advisors to complete the installation of Crystal Reports; and
- An implementing partner to provide train-the-trainer workshops to foster sustainability for program gains and ensure GOI buy-in going forward.

The IFMIS will be considered completed when the USAID advisors have addressed those technical issues that have been formally identified and has returned the IFMIS server equipment to the MOF. While USAID may continue to offer limited technical assistance aimed at promoting capacity at the MOF to use, maintain and update their system — the GOI will assume full ownership of the computer system and the software at this time. As such, the MOF will have the sole obligation to fund upkeep and maintenance costs once USAID has transferred the IFMIS system to the MOF as 'completed'.

Timing:

The Parties intend that the undertakings described in this MOU will be accomplished according to the timeframes described in Annex A hereto.

ARTICLE 3. GENERAL PROVISIONS

Section 3.1. Availability of Funds. This MOU is intended to set forth the mutual understandings and commitments of the Parties. The Parties agree to cooperate in good faith to achieve the objectives of the MOU. This MOU is not, however, intended to be legally binding document. This MOU also does not constitute an obligation of funds by the U.S. Government. Funding for any activities by USAID in furtherance of the purposes of this MOU will be subject to the availability of funds for such purposes, as well as overall U.S. Government funding priorities.

Section 3.2. Compliance with Law and Regulations. USAID will obligate, commit, and expend funds and carry out operations pursuant to this MOU only in accordance with the applicable laws and regulations of the United States. The Ministry will carry out its activities contemplated by this MOU in accordance with applicable laws and regulations of Iraq. If at any time either Party determines that continuing this MOU will violate or cause it to violate any applicable legal or regulatory restriction that Party may withdraw from and terminate this MOU immediately upon notice to the other Party.

Section 3.3. Publicity. The Parties agree to cooperate to give appropriate publicity to the assistance as a program to which the Government of the United States has contributed.

Section 3.4. Exchange of Information. USAID and the Ministry shall provide each other with such information as may be needed to facilitate provision of the assistance and to evaluate the effectiveness of this assistance. In addition, the Parties

may use jointly agreed letters to confirm their mutual understandings with respect to implementation of this MOU, including changes in Section 2.1.

Section 3.5. Authorized Representatives. The Parties shall be represented by those holding or acting in the offices held by the signatories to this MOU. Each Party may, by written notice, to the other, identify additional representatives authorized to represent that Party for all purposes other than executing formal amendments to this MOU. Each Party shall notify the other, in writing, of changes in its authorized representatives.

Section 3.6. Amendment and Modification. This MOU may be amended or modified at any time by written agreement of the Parties.

Section 3.7. Expiration and Termination. Either Party may terminate this MOU at any time by providing the other Party with written notice.

If USAID determines that a gratuity in any form has been offered or given to a contractor or grantee or its agents or representatives for the purpose of securing favorable treatment related to the Program, USAID reserves the right to take appropriate, immediate action, including, but not necessarily limited to, immediate termination of this **MOU**.

Section 3.8. Disputes. Any disputes between the Parties arising under this MOU will be resolved through consultations and negotiations. In no event will any disputes be referred to a third party, or to a judicial process. If the representatives of the Parties primarily responsible to implementing this MOU are unable to resolve a dispute the Parties will elevate the matter to the next available management level within their respective organizations.

Section 3.9. Language. This Memorandum of Understanding is prepared in English and Arabic. In the event of ambiguity or conflict between the versions, the English language version will control.

Section 3.10. Effective Date. This Memorandum of Understanding shall be effective when signed by both Parties.

GOVERNMENT OF THE UNITED STATES OF AMERICA

BY: Denise A. He

NAME: Denise Herbol

TITLE: Acting Mission Director

DATE: January 12, 2008

BY:

**GOVERNMENT OF
IRAQ**



NAME:

Appendix E – Ministerial Order to All Spending Units

Republic of Iraq
Ministry of Finance
Directorate: I.T. Directorate
Ref.: 1178
Date: Nov.11th. 2008

To: All Ministries and Independent Administrations.

Subject: IFMIS

Our Compliments

Due to the commencement of the IFMIS actual implementation phase, accordingly all spending units covered by the System, should start entering their accounting entries (Expense and journal vouchers) as from August/ Period eight, in the automated system, generate monthly trial balances and reconcile same with the manually prepared balances, in coordination with the Accounts Directorate at the Ministry of Finance.

The Ministry of Finance, IT Directorate together with IFMIS implementation Team, will provide all necessary assistance for this implementation and the necessary training on the use of the system at Spending Units within your establishments.

You may contact the system "Help Desk" on Email address fmishelp@yahoo.com, to report any difficulties encountered and request assistance in this respect.

With due respect.

Engineer
Baqir Jabr Al-Zbaidy
Minister of Finance

Appendix F – IMF Reporting Requirements

Memo

TO: David Bufton, IFMIS Project Lead - EGII; Brian Graul, Chief of Party – EGII
FROM: Richard Roberts, Treasury Advisor; David Blake, Accounting Functional Advisor
DATE: September 13, 2008
REF: Reporting Requirement of Existing Legacy System as related to IFMIS

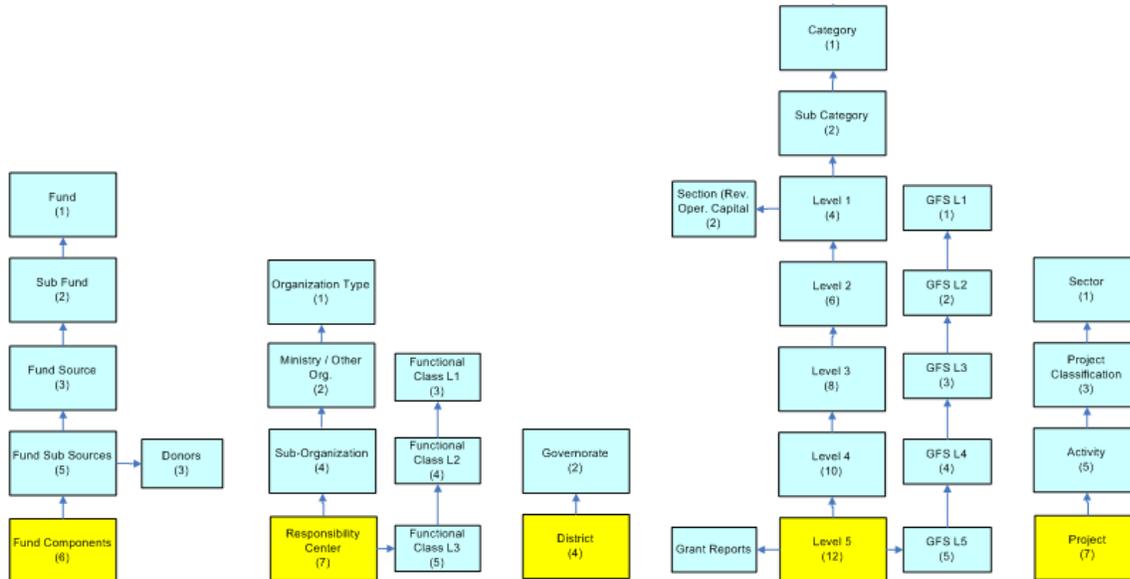
The following is a response to the IMF's (International Monetary Fund) document published April 2008, "Reform Priorities in Public Financial Management", as it pertains to the IFMIS reporting functionality.

In order to appreciate the reporting capability within the IFMIS system it is necessary to understand what exactly IFMIS is, and what is offered in terms of configuration. This will later be compared to the strategy chosen when the system was configured for us by the GOI.

IFMIS is a COTS (Commercial Off-The-Shelf) software. It is a relational database, wherein the backbone of the system known as the Chart of Accounts (COA) is configured to specifically meet the needs of the government entity. This includes the ability to create accounting table roll up structures that summarize financial input data from one table to the next (each table in the roll up structure providing a more summary view to the preceding table). This is extremely significant for reporting purposes.

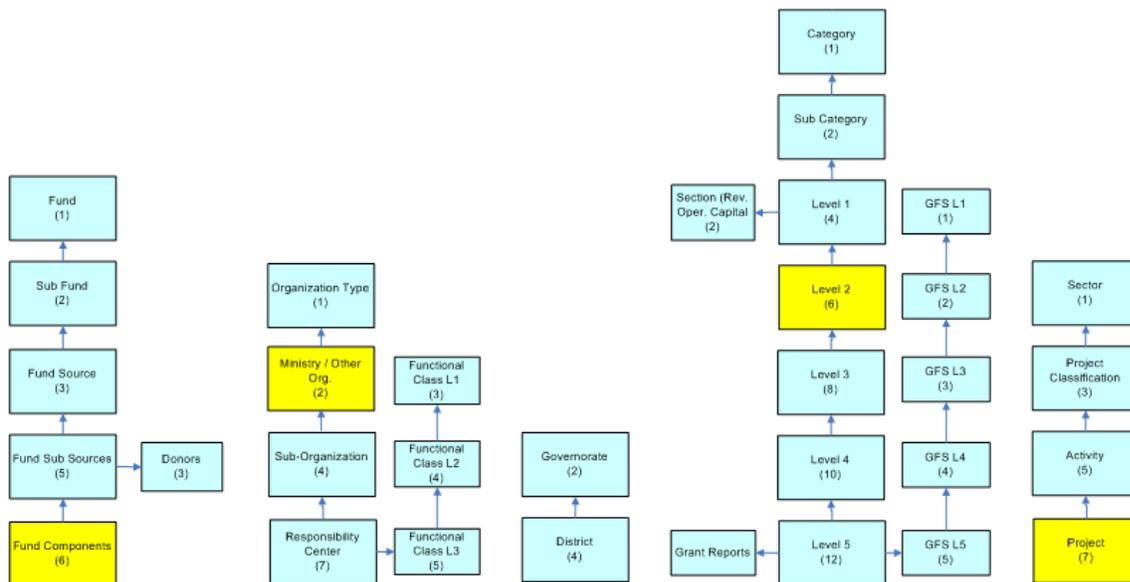
From the COA roll up tables, 3 levels of budgetary control are set. Allotment 1 is the highest level of spending control that is set by the Ministry of Finance and reflects the annual budget for the Government of Iraq as passed by parliament. Allotment 2 is used as a lower level of spending control and can be used for setting spending limits on a monthly, quarterly, bi-annually or annual basis. It is typically used to reflect spending warrants issued by a treasury function. Both Allotment 1 and Allotment 2 are entered to the IFMIS system as single entries against the various accounts. Since they are intended as high level spending controls, there is no monthly spread. Financial Budgets on the other hand can be divided into monthly segments by applying user-defined formulae for distribution of annual budgets into 12 months. Any commitment or financial entry to the IFMIS system is checked against all three levels of spending controls to ensure sufficient funds are available before the entry can be accepted and thus saved. A view of the current coding structure is shown below. The General Ledger roll up structure.

General Ledger Roll up Tables and Coding Structure



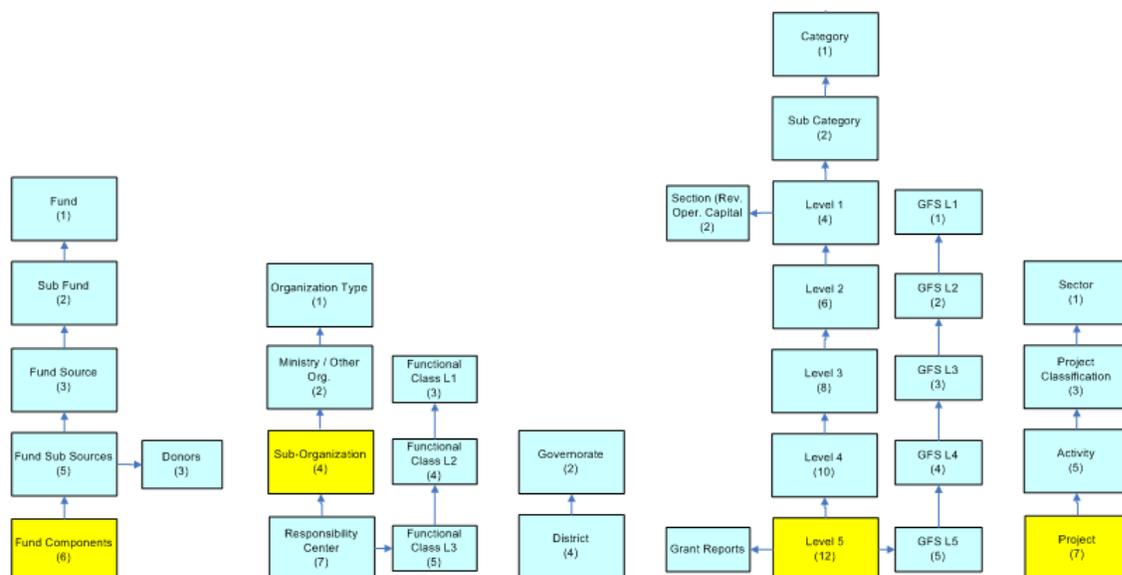
Note: Data entry is performed at each of the coding fields depicted in yellow. All of the higher roll up structures are for budgeting and reporting purposes.

Allotment 1



Note: The yellow boxes depict where the GOI has elected to set the Allotment 1 control spending.

Allotment 2



Note: The yellow boxes depict where the GOI has elected to set the Allotment 2 control spending. The organizational spending control has been lowered from the Ministry level to the Sub-Organization level and the Line Object spending control has been lowered from Level 2 to Level 5.

The GOI utilizes Allotment 1 and 2. They are both set at the annual budget level. Allotment 1 is configured at Ministry and Chart of Accounts Level 2, while Allotment 2 is configured at Sub-Organization and Chart of Accounts Level 5. The Financial Budgets functionality is not used. All Financial Budgets are entered as zero with system controls set to allow any entry to exceed this value. What this means is that the entire annual budget is loaded in period 1 and for reporting, and, control purposes remains static throughout the year (subject to periodic budget adjustments and transfers made to the annual budget). The effect this has on reporting should be evident. No monthly or year-to-date reports can be generated that will reflect variances. This treatment of Financial Budgets has long reaching negative implications, which, for the most part is not the focus of this document; however the detrimental impact on reporting will be detailed. If the Financial Budgets functionality were used, a number of meaningful “canned” IFMIS reports could be readily generated. They include:

1. Budget Variance Report – Summary
2. Budget Variance Report – List of Accounts
3. Expenditure & Forecast Report
4. Expenditure & Forecast – List of Accounts
5. Projected Surplus/Deficit Report – Summary
6. Projected Surplus/Deficit Report – Detail
7. FreeBalance Report – Summary
8. FreeBalance Report – List of Accounts

It should be noted that no additional configuration is required to commence using the Financial Budgets capability offered by the IFMIS system. Thus, the most essential functional tool provided by IFMIS, and one used by virtually all government entities has for some unknown reason not been utilized. It cannot be determined if this course of action is due to a lack of capacity or lack of interest.

This document addresses the issues raised in section 6 “Reporting Requirements of the Existing Legacy System” of the IMF report at which time the MOF was to provide a full list of current legacy reporting requirements. At this point in time no such listing has been provided other than the listing provided in the same IMF report of April of 2008, which is shown on page 56 of the IMF report. Under Recommendations of the same report (page 58) the IMF recommended that “The current system reporting specifications, set out above, should be reviewed, reconfirmed and transmitted to USAID as soon as possible.” This paper addresses these recommendations.

(It should be noted that the following 2 reports have been requested by the IMF; “Fiscal Report and Key Fiscal Indicators”, and, “Budgeting and reporting by Governorate and Region”. Since these requests fall outside the interpretation of the MOU dated January 2008, they are excluded in this response.)

Prior to the end of fiscal year 2008, the IMF further recommends that “The specified system reports should be tested before the system goes into production, to ensure that the system has the capacity to produce, accurately and in a timely manner, all required reports, at all levels and ranges of administrative and economic classifications, and for any date and range of dates.” The success of such future testing is dependent upon a number of factors including; a recognition that the development and input of the budget must be expanded, parallel usage of IFMIS by the selected spending units must continue, and all data entry to the financial system should be on a transactional basis as opposed to summary JVs. Failing this, the test of the reports cannot be fully satisfied.

The following grid outlines the financial reports recommended by the IMF and recommendations for each.

Item	Financial Report Title	Report Description	Status
1	Annual Statement of Revenues & Expenditures	This report typically consolidates individual accounts into major revenue and expenditures totals. The purpose of which is to show total revenues and expenditures by broad classifications, the difference between such totals shows a resulting Fund surplus or deficit. It is typically presented on a national fund basis.	This report can be generated for the government as a whole using the Income Statement report and by spending unit from the IFMIS system through the Account Analysis Summary report.
2	Annual Statement of Assets & Liabilities	This report typically consolidates individual accounts into major asset and liability totals. The purpose of which is to show total assets and liabilities by broad classifications, the difference between such totals shows a resulting accumulated Fund surplus or deficit. It is typically presented on a national fund basis.	This report can be generated for the government as a whole using the Balance Sheet Statement report and by spending unit from the IFMIS system through the Account Analysis Summary report.
3	Annual Cash Flow	This report, as defined by the IMF report, is to reflect the operational, investment and financing activities of the entity. This is a donor-desired report that also has management significance. Such a report is the precursor to proper cash management, in that it reflects all sources of cash, all expenditures of cash and the related cash balances.	This management/donor report should be performed at the various levels on a monthly basis. Due to the customized nature of the report (the desire to breakout receipts and disbursements into operational, investment and financing subtotals) this would best be performed on a manual, off-line basis. An automated solution to this requirement would provide limited benefits. A total of only 13 summary accounts need to be extracted from the system and formatted onto a spreadsheet to satisfy this requirement.
4	Annual Trial Balance	This report represents the net activity of each General Ledger account. The sum total of the Trial Balance must equal zero. This forms the basis for all financial statements.	This is a custom report solution that was developed at the request of the MOF to reflect the same format as the Legacy system and has been approved in principle by the Deputy DG of the Ministry of Finance. This trial balance report provides multiple trial balances at varying summary levels of the chart of accounts as

Item	Financial Report Title	Report Description	Status
			requested by the MOF.
5	Cash Flow Reconciliation Statement	This report is a simplified version of Report Number 3 and is limited to determining the cash flow from operations. In a true Cash Basis accounting method this would only require adjustments for the purchase of Non-Financial assets. However, the GOI currently uses a hybrid Cash Basis for accounting, which would also require adjustments for advances, trusts and accrued expenses.	This is a management report and should be performed at the various organization levels on a monthly basis. Due to the customized nature of the report (the desire to breakout only operational cash flows) it would be best performed on a manual, off-line basis. An automated solution to this requirement would provide limited benefits. This would require minimal manual effort.
6	Revenues for Month & YTD Against Budget	This report would provide at any level a summary of any chosen parameter, the budget, the related revenue activity, and the variance between the two totals. It is a key management, budget and control tool.	This requirement has been satisfied as a result of the customized Annual Trial Balance (see item 4). However, as previously discussed in order to provide variances, the Financial Budgets functionality within the IFMIS system must be utilized to provide meaningful variances.
7	Expenditures for Month & YTD Against Budget	This report would provide at any level, a summary of any chosen parameter, the budget, the related expenditure activity, and the variance between the two totals. It is a key management, budget and control tool.	This requirement has been satisfied as a result of the customized Annual Trial Balance (see item 4). However, as previously discussed in order to provide variances, the Financial Budgets functionality within the IFMIS system must be utilized to provide meaningful variances.

Item	Financial Report Title	Report Description	Status
8	Non-Financial Assets-Operational expenditures for Month and YTD Against Budget	This report is typically not performed in a governmental entity using a cash, modified cash or hybrid cash method of accounting. Government accounting typically expenses all purchases, regardless of whether or not they have a multi-year life span. Typically in governmental entities these capital assets are accounted for off-line in a Capital Asset Account Group, which is only presented in the annual financial statements as a memo account. However, the GOI does maintain a distinction between Operational and Capital budgets and related expenditures.	It is currently understood that Project Codes are not assigned budgets for operational transactions. Accordingly, this requirement cannot be satisfied without modification to the budget process. As previously discussed, even if these modifications were performed meaningful variances will not be possible until Budget functionality is addressed. Further, Non-Financial Assets of significant nature should not be included in the Operational Budget. They should be part of the Capital (Investment) Budget. If this were the case, any Non-Financial activity in the Operational Accounts would be insignificant and immaterial in the requested reports. This is a procedural concern, not a reporting issue.
9	Non-Financial Assets-Total Investment Projects Expenditures for Month & YTD Against Budget	This report provides a comprehensive summary of the capital budget expenditures on a date requested basis and represents a valuable management tool to monitor progress on capital related projects. Further this information can be broken down on a project-by-project basis.	This requirement is satisfied however, as previously discussed, in order to provide variances, the Financial Budgets functionality within the IFMIS system must be utilized to provide meaningful variances.
10	Non-Financial Assets-Operational & Projects Combined for Month & YTD Against Budget	This report is typically not performed in a governmental entity using a cash, modified cash or hybrid cash method of accounting. Government accounting typically expenses all purchases, regardless of whether or not they have a multi-year life span. In these entities these capital assets are accounted for off-line in a Capital Asset Account Group, which is only presented in the annual financial statements as a memo account. However, the GOI does maintain	See response to Report #8. If proper budget preparation procedures were initiated, all significant Non-Financial transactions would be in the Capital (Investment) accounts, eliminating the requirement for a consolidated report.

Item	Financial Report Title	Report Description	Status
		a distinction between Operational and Capital budgets and related expenditures.	
11	Individual Investment Projects: Expenditures for Month & YTD Against Budget	This report provides a comprehensive summary of the capital budget expenditures and represents a valuable management tool to monitor progress on capital related projects. Further this information can be broken down on a project-by-project basis.	This requirement is satisfied however, as previously discussed, in order to provide variances, the Financial Budgets functionality within the IFMIS system must be utilized to provide meaningful variances.
12	Monthly Report of Revenue & Expenditures, with Variance Analysis & Funding drawdown YTD	This report will provide by economic classification a comparison of the annual budget to the actual YTD amounts and the related variance. It also shows a column, which is titled "Funding Drawdown YTD. Since the GOI utilizes a Hybrid Cash basis of accounting, the actual YTD expenditure totals would represent the Funding Drawdown YTD.	This requirement is satisfied however, as previously discussed, in order to provide variances, the Financial Budgets functionality within the IFMIS system must be utilized to provide meaningful variances.
13	Monthly Trial Balance for the Month & YTD Against Budget	This report is identical to Report number 4, which can also be performed on a monthly and YTD basis.	This requirement is satisfied however, as previously discussed, in order to provide variances, the Financial Budgets functionality within the IFMIS system must be utilized to provide meaningful variances.
14	Budget Adjustments: Original, Virements, Supplementary and Revised Budgets	This report would provide a running history of the original budget, any Virements (reprogramming of funds) and any supplementary funding created by a supplementary budget.	This requirement will be satisfied with the implementation of the Budget Planning module.

Item	Financial Report Title	Report Description	Status
15	Advances Movements: Original Advance, Amount Acquitted and Balance	This report will allow for a comparison of individual advances, to aid management on whether the original advance has been acquitted in a timely manner. This is a critical budget and cash management tool.	<p>While the IFMIS provides this data on a detail and cumulative basis via a Detailed Account Analysis Report, it currently fails to adequately identify the individual advance and acquittal to allow for reconciliation. The following is a suggesting workaround to satisfy this report request.</p> <p>Advances will be segregated within the chart of account by type, i.e.: Payroll, travel, vendors etc.</p> <p>For each classification type of advance a manual log will be maintained documenting when the advance was made, who it was made to, the amount, the form of payment (cash, check, etc.), and, from the log a unique sequential number will be assigned to the advance request.</p> <p>Upon entering the advance into the IFMIS (all advances must utilize a vendor), the Description field will include the unique advance number from the manual log along with the Vendor code.</p> <p>Subsequent payments (credits to the advance) to the Vendor until the Advance has been acquitted will be treated in the same manner.</p> <p>This will allow for the future identification of both the advance and the subsequent acquittal to the offline manual log.</p> <p>Those advances that have no corresponding acquittal can be identified through a Detail General Ledger account analysis report for follow up action. (See further detailed discussion relating to Advances).</p>
16	Trust Movement:	Trust accounts are primarily used for	These accounts will be treated in the same manner as

Item	Financial Report Title	Report Description	Status
	Original Advance, Advance Acquitted and Balance	contractors where a security deposit is required by the GOI. In essence they are the reverse of an advance and may ultimately be used to satisfy the final acquittal of an advance.	Advance Movements. However, the entries made to the IFMIS system will be in reverse as dictated by the flow of funds.
17	Directorate Bank Account Transactions: Deposits, Drawings	This report represents a summary of the cash accounts of the spending unit, debit entries would represent deposits and credit entries would represent withdrawals, corresponding balance would mirror the bank balance after adjustments from the bank statement.	This report can be generated by spending unit from the IFMIS system via the Detail General Ledger report. Procedures can be developed using the description line to reference individual cash deposits and cash withdrawals.

Advances, as well documented in the April 2008 IMF Report, constitute a major problem and concern regarding the financial integrity of the GOI accounting system. This concern will not change by simply installing a computer driven system, but will only change if operating procedures are developed and implemented on a consistent basis.

Advances take the form of many types of payments in the operations of the GOI. These payments may relate to payroll advances, travel advances, employee benefits and advances to third party vendors. It appears that all of these amounts are lumped into one balance sheet account, Advances and remain there until they are eventually closed out, acquitted and transferred to the appropriate expense account.

The IMF Report estimates that the balance of recorded advances is IQD 12.3 trillion, which equals 16% of the country's GNP. Further, some of these balances date back to FY 2003. The magnitude of the estimated balance and the obvious evidence that they are not being timely closed out, suggests a lack of internal control and lack of written procedures. The related solutions will be addressed in a detailed ongoing development of a national accounting manual.

Conclusion:

The FreeBalance system will provide the necessary reports as noted in the IMF Report of April 2008 with minimal secondary record keeping. Accounting analysis and special report requests will still require some financial calculations. If specific automated reports are desired then such reports would need to be configured from a 3rd party reporting software such as "Crystal Reports". However, the GOI has shown neither the capacity nor the commitment of resources to obtain and maintain such tools.

Until such time as the GOI devotes the necessary resources and commitment to the development of nationwide accounting procedures, standardized documents, training and oversight, and, the appropriate use of an ERP system, the true capacity of any accounting software solution will be underutilized. Whether this lack of commitment represents a lack of understanding or a desire to continue the lack of accountability and transparency is unknown. Further, continued requests by the MOF and donor organizations to modify report formats or meet extraneous reporting requirements, ignores the larger picture that the existing policies and procedure are antiquated, dysfunctional and jeopardize the financial structure of the nation. Until these operational policies and procedures are addressed, any FMIS system will only provide unreliable data and reports.

A massive training program is required to ensure users at all Spending Units, Sub-Organizations, Directorates and Ministries are fully aware of the financial systems' reporting capabilities and utilize IFMIS on a standardized and consistent basis.

Appendix G – MoF IFMIS Recurring Cost Per Annum

Source Bearing Point

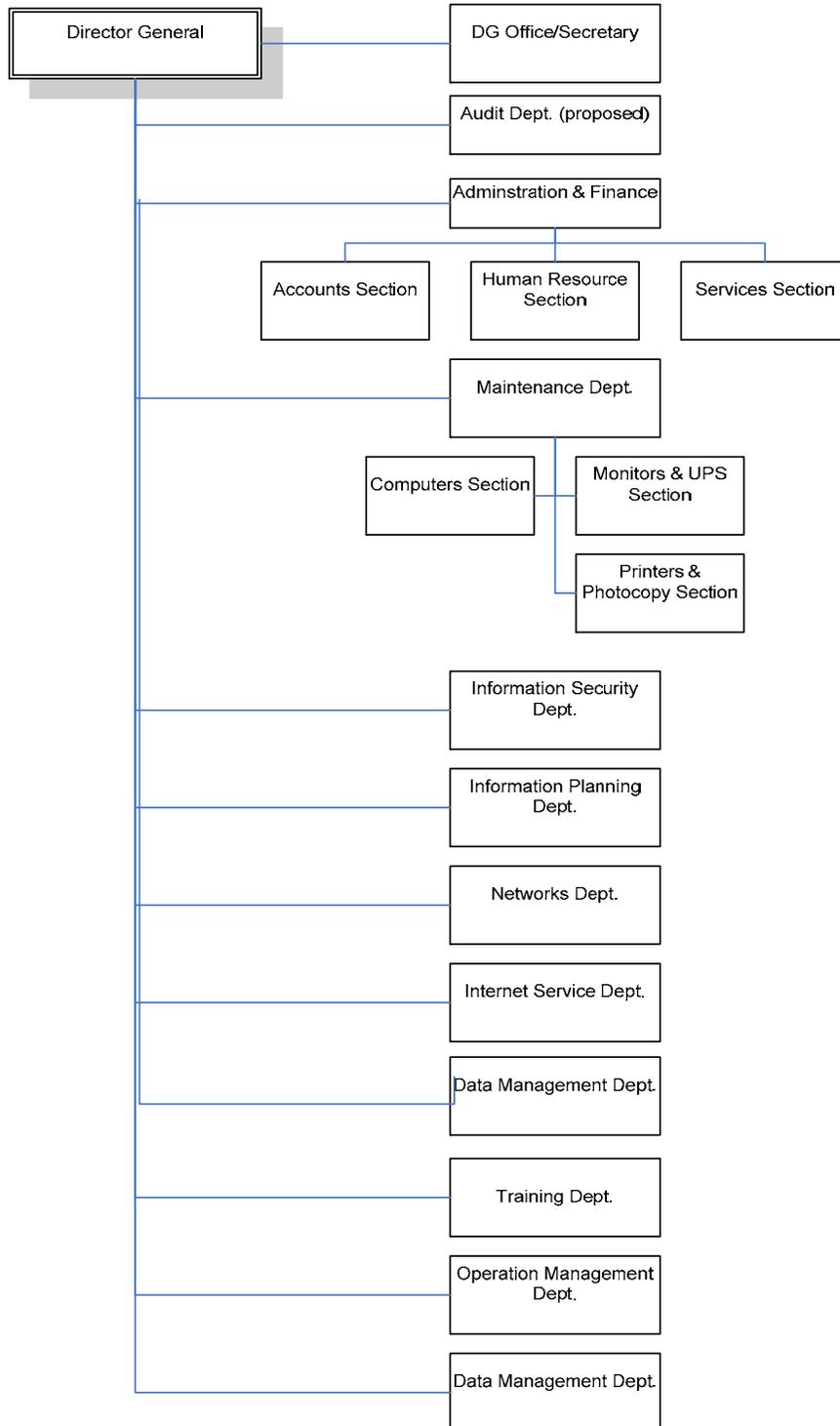
FMIS Annual Recurring Budget Estimate – Final				
Category	Occurrence per annum	Estimated cost per unit	Estimated subtotal	Notes
Hardware				
Server Maintenance – Core System	1	\$22,000	\$22,000	This reflects premium due to age and conflict – should expect 10%
Server Maintenance – DR System	1	\$12,000	\$12,000	IT Service Continuity maintenance
Firepass	1	\$5,000	\$5,000	
Network	1	\$9,000	\$9,000	
Desktop maintenance est. 750 PCs	1	\$75,000	\$75,000	Estimated based on maintenance for 750 PCs
Hardware Costs Total			\$123,000	
Communications				
VSAT – 1 Location Only	12	\$4,670	\$56,040	This represents 12 months of Bearing Point’s actual monthly cost of \$4,670 for just one site
	Months	Per month		The MOF will have significantly higher costs depending upon the number of VSAT connections they need to tie in all of the approx 250 spending units
				The cost will easily be the greatest single cost on a recurring basis
				The addresses the 3 mos During the pilot phase (get # from Najwa)
Est. cost for additional MOF VSAT sites	3			
Communications Costs Total			\$56,040	
FreeBalance – Software				
Core System	1	\$165,939	\$165,939	Core IFMIS
Purchasing Module	1	\$33,000	\$33,000	Purchasing Modules
Budget Module	1	\$9,000	\$9,000	Budget Module
DR System	1	\$108,000	\$108,000	Disaster Recovery System (* not a true failover system 4-8 hr recovery window)
Microsoft	12	\$5,000	\$60,000	Based upon \$250 per hour support costs at 20 hours per month
Firepass License	1	\$8,100	\$8,100	Firepass support level 1-3 per year
FreeBalance Reporting Services	24	\$1,232	\$29,568	Based upon 24 days of reporting services provided by FreeBalance per year
Symantec	1	\$5,180	\$5,180	Check licensing with Symantec for renewal
Software Costs Total			\$418,787	Based on Bearing Point Actual Costs of Procurement
Services				
FreeBalance Consulting Services	1	\$120,000	\$120,000	To FreeBalance for changes and/or customizations to the system
Annual FreeBalance Update Training	1	\$40,000	\$40,000	To FreeBalance for continuing training needs
Training TSE	1	\$8,000	\$8,000	Travel for continuing training
Annual MS Training	6	\$5,000	\$30,000	Microsoft Training for staff of three two classes per year to maintain skills
Services Costs Total			\$198,000	
ESTIMATED IFMIS ANNUAL RECURRING TOTAL			\$795,827	
Qualifiers:				
<ul style="list-style-type: none"> The ongoing cost estimates will be determined by the procurement negotiations set forth by the MOF IT and Finance Leadership. This estimate DOES NOT include any indirect costs that will be incurred. Examples of indirect costs include fuel for generators, labor costs for the employees 				

entering data at the various ministries and the cost of the labor for the IT staff at the MOF to maintain the system.

- This estimate **DOES NOT** take into consideration normal annual increases in the cost of services.
- This estimate **DOES NOT** include software and hardware costs for the PCs that will need to be procured for each spending unit.
- At 250 sites and three PCs per location, this cost will be significant and could easily approach \$1,000,000. Additionally one-time MOF building preparation costs are not reflected in this estimate.

Appendix H – Ministry of Finance IT Organization

Source MOF DG IT



Appendix I – MOF Letter to MOPD re Purchasing Module

(No date circa August 2008)
Republic of Iraq
Office of the Minister of Finance
Baghdad

To:
His Excellency, Ali Baban
Minister of Planning

Sub: Implementation of Purchasing module in IFMIS

You will be aware that that the Purchasing module is in the process of being added to the IFMIS system. This added functionality will greatly improve processes and efficiency of all Government of Iraq purchases. For the implementation to be a success, it will be essential that the Ministry of Planning take the lead in forming a working group to advise the IFMIS purchasing implementation team. To this end, I would request that the Ministry of Planning:

1. Establish a single point of contact within the appropriate department who will be responsible for communications with USAID, BearingPoint and various stakeholders of the implementation. The United States Agency for International Development (USAID) is providing the technical assistance for this project through the efforts of BearingPoint Iraq Economic Governance II Project (EGII). Their lead point of contact for the Purchasing Module is Mr. David Bufton (david.bufton@bearingpoint.com). The MoPDC contact should work with BearingPoint to resolve issues and arrange meetings between the parties.
2. Form a Purchasing System Implementation Working Group within the Planning Directorate to advise and assist the implementation team in:
 - Create User Requirements Definition.
 - Create Functional Mapping Design.
 - Create User Procedures in accordance with the Procurement Law.
 - Creation of the Implementation Approach;
 - Create and Engage in System Testing
 - Identify the staff to be trained on the Purchasing system.
 - Create Purchasing Procedures training materials
 - Create and help supervise the Purchasing Training Plan.
3. Distribute appropriate communications to Ministries and users requesting their cooperation with the working group and the Implementation team in a timely manner.

I would like to thank you in advance for your kind cooperation
With kind regards
Minister of Finance

Appendix J – IT Technical Training Courses

In an effort to transfer knowledge and equip the Ministry of Finance (MoF) IT Team with the capability to support the IFMIS environment, we will provide the following courses:

Technical Training Courses

MS SQL 2005 {4 training slots} (Oct 18-20)

Optional course done with the MoLSA team. This is the same course the MoF has had but it may be a good refresher for a few people)

MS ISA 2004 Server {3 training slots} (Nov 1 – 3)

Basic course done jointly with MoLSA staff that covers ISA functions like caching, security policies, management and installation

IFMIS architecture overview & configuration training {10 training slots} (Nov 13)

This will entail an architectural overview of the IFMIS system, its software components, configuration and operational tips

FirePass F5 Training {8 training slots} (Nov 16 – 17)

This will provide a general overview and operation of our F5 system and the MoF configuration

Disaster Recovery Configuration {10 training slots} (Nov 18-23)

This course will encompass remotely observing FreeBalance configure IFMIS (Financial Accountability and Performance Budgeting) on the Disaster Recovery equipment in a classroom setting

Network Infrastructure Planning/Implementing {4 training slots} (Dec 7-Dec 15)

The entire content from the complete Microsoft training curriculum including required labs for MS course 70-291

Active Directory {4 training slots} {Dec 28th– Jan 7)

The entire content from the complete Microsoft training curriculum including required labs for MS course 70-294

Systems Configuration and Operations Training {10 training slots} (Jan 5)

This class will present the IFMIS configuration and operational deliverables as well as discuss procedures for acceptance testing of the system

Appendix K – Recommended IT Facility for Spending Units

To assist the Government of Iraq (GoI) in meeting generally accepted standards in budget execution, the United States Agency for International Development (USAID) teamed with BearingPoint to implement a financial management information system, which is made up of *FreeBalance eFinancials* software. This system, the Iraq Financial Management Information System (IFMIS), will provide the GoI the basic tools for federal financial management, combined with the flexibility to adjust to a fluid political environment during this period of reconstruction. To support the rollout of IFMIS to remote sites, we recommend the following minimum technology components:

Client Workstation

HP DX 2400

- Processor – Intel Duo core E2180 2.0 Ghz, 1 MB L2 cache, 800 Mhz FSB socket
- Operating System – Windows XP SP2
- Video – Intel 3100 integrated graphics
- Memory – 1GB
- Networking – Realtek Gigabit Ethernet controller, HP Wireless A+G PCI Card
- Hard Drive – SATA 160 GB
- Keyboard (105 keys) – HP USB Standard Keyboard
- Removable Media Storage – DVD-RW
- Monitor – HP LCD 17” monitor
- Antivirus – Symantec Antivirus 1 year
- Warranty – 1 Year Hardware & Phone Support
- APC UPS for desktop computers
- Preconfigured with the following specifications (Windows XP SP2, .NET Framework 1.1 (v. 1.1.4322) with .NET Service Pack 1 (KB867460), Symantec Antivirus)

Printer

HP 5200n Laser Jet Printer

- 64 MB RAM standard (Max 512 MB)
- 1 IEEE-1284 parallel port, 1 USB port, 1 EIO port, 1 JDI 10/100 Network port
- Handles up to 350 sheets

VSAT Connection

Dedicated bandwidth for IFMIS (3 – 5 users)

128 Kbps Uplink / 256 Kbps Downlink

- 1.8 M or more KU Band TX/RX Antenna
- Non Penetrating Mount

Shared bandwidth

1 Mbps Uplink / 1 Mbps Downlink – Recommendation for Spending Units with no network connectivity and the bandwidth will be shared.

*Note: If the Spending Unit already has shared bandwidth, recommend increasing the current bandwidth by 256 Kbps to support 3-5 IFMIS

- KU Band Feed /OMT/TX reject Filter users.
- 2W.KU Band BUC
- Digital DRO LNB NF 0.8 K.
- IFL cable with Connectors
- SCPC Satellite Modem
- DVB demodulator
- Cisco Router
- Wic interface
- Serial Cable
- Dedicated bandwidth SCPC/DVB
- Installation fees + 8 public IP's
- Rack 9 unit
- APC UPS 1.5 KVA
- 1 Year Warranty for all equipment in all sites
- Office connect switch 3 Com 8-port gigabit uplink
- QoS (Quality of Service) of 97%
- Site visits for outages in lieu of remote troubleshooting

The IFMIS deployment utilizes Windows Terminal Services that requires additional bandwidth to support the graphical screen data transmitted per session. Utilizing Windows Terminal Services significantly reduces desktop administration requirements due to the application being run from the terminal server and accessed via Internet Explorer web browser.

The following is a list of performance degraders that will negatively impact your IFMIS performance:

Overuse by non-business related applications – Activities such as chatting, downloading music, streaming music, streaming video, sharing pictures, etc, consume large amounts of bandwidth. Also, users surfing the Internet in general will cause degradation. It is imperative to reduce these non-business activities to a minimum, so that business users can accomplish tasks.

Virus – Various Viruses, Worms, Trojans will clog networks, either in an attempt to replicate, or merely to deny network service. It is imperative to have proper anti-virus software, firewalls, and Internet security measures in place on both the desktop and network level.

Appendix L – MOF List of Topics for IFMIS Assessment

IFMIS ASSESSMENT – DRAFT NOTES Ministry of Finance Iraq 8 November 2008

A) MOF Readiness - HR

- 1) IT Org Chart Current & Proposed
- 2) Accounting Org Chart Current & Proposed
- 3) Budgeting Org Chart Current & Proposed
- 4) Fiscal Management/ Reporting Org Chart Current & Proposed
- 5) MOF Overall Org Chart

B) IFMIS

- 1) How does it meet MOF Requirements?
- 2) What Is Missing in FMIS at Present?
- 3) Core Module Implementation Time line
- 4) Budgeting Module Implementation Time Line
- 5) Purchasing Module Implementation Time Line

C) IFMIS - Licensing

- 6) Free Balance License Progress to date
- 7) VSAT Licenses Progress to Date
- 8) Other Licences Progress to Date

D) DATA

- 1) Legacy Data
- 2) Reconciled Data
- 3) Opening Balances
- 4) Test Data
- 5) Comparative history data for consolidated reporting

- 6) Actual Data – Time Line

E) MINISTERIAL DIRECTIVE – Implementation Time Lines

- 1) Core IFMIS – Time Line
- 2) Performance Budgeting Time Line
- 3) Purchasing Module Implementation Time Line
- 4) FISCAL Reporting Target Dates

F) ACCOUNTING

- 1) Chart of Accounts
- 2) Accounting Policy Manuals
- 3) Accounting Procedures
- 4) Monthly Closing Time Line
- 5) Accounting for Capital Expenditure
- 6) Project / Program Based Accounting

G) IFMIS REPORTING

- 1) Standard Data Verification Reports
- 2) Monthly Reports
- 3) Year End Reports – Published Annual Report-Consolidated Financial statements
- 4) Budgeting Performance Reporting
- 5) MOF Capacity in Crystal Reporting
- 6) Purchasing Reports

H) Other

- 1) Loading of history data
- 2) Loading of actual data
- 2) Loading of expenses
- 3) Loading of expenses at point of procurement or payment
- 4) Cost allocation process – Month End

I) TRANSITION ARRANGEMENT for IT and related items

- Handover - what is included and excluded eg Computer gear but not housing Air Con or stand by generators
- Who owns what is being transferred. - How is this confirmed from a legal stand point. USAID/ BP/GOI etc

- Legal transitions arrangements eg licences/ maintenance contracts/ Warranties and insurances if any

J) Documentation On Line & Hard Copy relating to

- IT centre operational manual
- Back up manual
- training manual by application modules
- Reporting Manuals Both month & Year End
- Spending Unit Manuals
- Data Entry manuals
- Consolidation of Reports for MOF
- Accounting & Policy Manuals for MOF
- FMIS training documentation for future use by GOI

K) Reports + Sample

- Schedule of reports by Spending Units
- Schedule of Reports by MoF
- Schedule of standard on non standard reports

L) HELP Desk

- Hardware
- Software
- staffing
- logging of help request complains and resolutions

M) Benchmarking by Time as at 31 Oct/ 31 Dec/ 30 Apr/ and post transition GOI period

- FMIS Capacity & Loading by no of Spending Units/ No of transactions/ no of terminals & printers
- Current & proposed acceptable terminal response times for data entry/ enquiry and reporting

Appendix M – IFMIS Roll Out Report November 08

IFMIS SPENDING UNIT ACTUAL ROLL OUT										
Number	Spending Unit Location	Pilot Site	Date Survey Completed	Survey Results			Training Date (1)	Status	Expected Go Live	Actual Go Live Date
				Hardware	Internet	Users				
1	Presidency									
2	Council of Representatives		3-Nov-04	VERIFIED	Dedicated	2 Trained	10-Nov-04		Pending	
3	Board of Supreme Audit		14-Oct-04	VERIFIED	Dedicated	3 Trained	10-Nov-04	ACTIVE	27-Aug-04	27-Aug-04
4	Public Integrity Commission		1-Nov-04	VERIFIED	Dedicated	1 Trained	10-Nov-04	ACTIVE	7-Sep-04	7-Sep-04
5	Cabinet Secretariat		10-Nov-04	VERIFIED	Dedicated	1 Trained	10-Nov-04		Pending	
6	Office of the Prime Minister									
7	National Security Council		10-Nov-04	VERIFIED	Dedicated				Pending	
8	Iraqi Commission for Radiation									
9	Sh'ia Endowment Council	yes	30-Jun-04	VERIFIED	Dedicated	2 Trained	13-Oct-04	ACTIVE	3-Jul-04	6-Jul-04
10	Suni Endowment Council	yes	30-Jun-04	VERIFIED	Dedicated	3 Trained	13-Oct-04	ACTIVE	3-Aug-04	3-Aug-04
11	Christian & Other Denominations Council									
12	Ministry of Foreign Affairs /Ministry Center		14-Oct-04	VERIFIED	Dedicated				Pending	
13	Consulate and Political Representation									
14	Ministry of Finance /Ministry Center		30-Jun-04	VERIFIED	Dedicated	1 Trained Staff	15-Oct-04	ACTIVE	15-Nov-04	15-Nov-04
15	General Treasury		30-Jun-04	VERIFIED	Dedicated					
16	DFI Account Management			VERIFIED				ACTIVE	20-Aug-04	20-Aug-04
17	Central Treasury		30-Jun-04	VERIFIED	Dedicated			ACTIVE	16-Aug-04	16-Aug-04
18	Al-Anbar Treasury Directorate		30-Jun-04	VERIFIED	Dedicated					
19	Muthanna Treasury Directorate	yes	30-Jun-04	VERIFIED	Dedicated	2 Trained Staff	3-Sep-04	ACTIVE	3-Jul-04	12-Jul-04
20	Qadisiyah Treasury Directorate		30-Jun-04	VERIFIED	Dedicated			ACTIVE	4-Aug-04	4-Aug-04
21	Dhiqar Treasury Directorate		30-Jun-04	VERIFIED	Dedicated			ACTIVE	2-Aug-04	2-Aug-04
22	Diyala Treasury Directorate		30-Jun-04	VERIFIED	Dedicated					
23	Karbala Treasury Directorate		30-Jun-04	VERIFIED	Dedicated	2 Trained	17-Nov-04	ACTIVE	14-Jul-04	14-Jul-04
24	Salah-al-Din Treasury Directorate		30-Jun-04	VERIFIED	Dedicated			ACTIVE	31-Aug-04	31-Aug-04
25	Waset Treasury Directorate		30-Jun-04	VERIFIED	Dedicated			ACTIVE	2-Aug-04	2-Aug-04
26	Ninawa Treasury Directorate (Mosul)	yes	30-Jun-04	VERIFIED	Dedicated	4 Trained Staff	3-Sep-04	ACTIVE	3-Jul-04	7-Jul-04
27	Kirkuk Treasury		30-Jun-04	VERIFIED	Dedicated			ACTIVE	2-Aug-04	2-Aug-04
28	Al-Basra Treasury Directorate		30-Jun-04	VERIFIED	Dedicated			ACTIVE	2-Aug-04	2-Aug-04
29	Maysan Treasury Directorate			VERIFIED						
30	Najaf Treasury Directorate	yes	30-Jun-04	VERIFIED	Dedicated	3 Trained Staff	2-Sep-04	ACTIVE	3-Jul-04	3-Aug-04

31	Babil Treasury		30-Jun-04	VERIFIED	Dedicated	2 Trained Staff	15-Nov-04	ACTIVE	7-Jul-04	7-Jul-04
32	Baghdad Treasury	yes	30-Jun-04	VERIFIED	Shared Inadequate			ACTIVE	3-Jul-04	7-Sep-04
33	General Commission for Taxes		14-Oct-04	Need Equipment	Need Internet					
34	Customs General Directorate									
35	Center of Finance and Accounting Training		3-Nov-04	Verified	Shared Inadequate					
36	Information Technology Directorate		14-Oct-04	VERIFIED	Shared			ACTIVE	19-Aug-04	19-Aug-04
37	Ministry of Interior /Ministry Center		14-Oct-04	VERIFIED	Dedicated				Pending	
38	Police Force Command									
39	Ministry of Labor and Social Affairs/Ministry Center		2-Nov-04	Verified	Need Internet					
40	Labor and Social Security Directorate									
41	Employment and Training Center									
42	Juveniles Correction Directorate									
43	Ministry of Health/ Ministry Center		14-Oct-04	VERIFIED	Need Internet					
44	Baghdad - Al Karkh Health Directorate									
45	Ninawa Health Directorate									
46	Basra Health Directorate									
47	Maysan Health Directorate									
48	Salah Al Din Health Directorate									
49	Babil Health Directorate									
50	Karbala Health Directorate									
51	Najaf Health Directorate									
52	Al Qadisiya Health Directorate									
53	Wasit Health Directorate									
54	Ministry of Defence/Ministry Center		3-Nov-04	Verified	Need Internet					
55	Ministry of Justice/Ministry Center	yes	30-Jun-04	VERIFIED	Shared with in Ministry	4 Trained Staff	13-Oct-04	ACTIVE	3-Jul-04	5-Jul-04
56	Iraqi Correctional Directorate									
57	Public Notary Directorate									
58	Office of Foreign Litigation									
59	Minors Care Directorate									
60	Ministry of Justice / Executive Office									
61	Ministry of Education/Ministry Center		NON COOPERATIVE					NON COOPERATIVE		
62	Ministry of Youth & Sport/Ministry Center		14-Oct-04	VERIFIED	Need Internet					
63	Ministry of Trade/Ministry Center		14-Oct-04	VERIFIED	Shared					
64	Ministry of Culture/Ministry Center		14-Oct-04	VERIFIED	Shared					
65	Childrens Culture House									

67	Books and Documents House		2-Nov-04	Verified	Shared					
68	Kurdish Culture and Publishing House									
69	Ministry of Transportation/Ministry Center	yes	30-Jun-04	VERIFIED	Dedicated	1 Trained Staff	13-Oct-04	ACTIVE	3-Jul-04	9-Jul-04
70	General Foundation for Civil Aviation									
71	Ministry of Municipalities and Public Works		NON COOPERATIVE					NON COOPERATIVE		
72	Ministry of Housing and Reconstruction		14-Oct-04	VERIFIED	Dedicated	3 Trained Staff	18-Nov-04		Pending	
73	National Center for Construction Labs									
74	National center for Consultancies		14-Oct-04	VERIFIED	Need Internet					
75	Roads and Bridges General Commission		2-Nov-04	VERIFIED	Shared					
76	Housing Directorate									
77	Engineering Directorate		2-Nov-04	Need Equipment	Need Internet					
78	Ministry of Agriculture/ Ministry Center		14-Oct-04	VERIFIED	Dedicated				Pending	
79	Baghdad Governorate Agriculture Directorate									
80	Guidance and Cooperation General Directorate									
81	Agricultural Researches General Directorate									
82	Seed Testing & Certification General Directorate									
83	Al Ta'amim Governorate Agriculture Directorate									
84	Ninewa Governorate Agriculture Directorate									
85	Basrah Governorate Agriculture Directorate									
86	Maysan Governorate Agriculture Directorate									
87	Babil Governorate Agriculture Directorate									
88	Karbala Governorate Agriculture Directorate									
89	Najaf Governorate Agriculture Directorate									
90	Al Qadisiya Governorate Agriculture Directorate									
91	Wasit Governorate Agriculture Directorate									
92	Ministry of Water Resources/ Ministry Center	yes	30-Jun-04	VERIFIED	Dedicated	3 Trained Staff	15-Oct-04	ACTIVE	3-Jul-04	9-Jul-04
93	General Directorate for Survey									
94	General Directorate for River Dredging									
95	General Directorate for Project Execution and Maintenance									

96	Ministry of Oil / Ministry Center		2-Nov-04	VERIFIED	Dedicated				Pending	
97	Ministry of Planning & Development Coordination		14-Oct-04	VERIFIED	Dedicated			ACTIVE	20-Oct-04	20-Oct-04
98	Center for Statistics and IT									
99	National Center for Consultants & Managerial Development									
100	Center for Standards & Quality Control									
101	Ministry of Industry and Minerals/ Ministry Center		2-Nov-04	VERIFIED	Dedicated	2 Trained Staff	18-Nov-04		Pending	
102	Ministry of Higher Education / Ministry Center	yes	30-Jun-04	VERIFIED	Shared	2 Trained Staff	15-Oct-04	NON COOPERATIVE		
103	University of Baghdad		2-Nov-04	Need Equipment	Need Internet					
104	University of Basrah									
105	University of Kufa									
106	University of Al Qadisiya									
107	University of Tikrit									
108	University of Babil									
109	University of Diyala									
110	University of Karbala									
111	University of Wasit									
112	University of Kirkuk									
113	University of Mustansiriya		14-Oct-04	VERIFIED	Dedicated					
114	University of Al - Nahrain		2-Nov-04	Need Equipment	Need Internet					
115	Technical Education Commission									
116	Psychology Research Center									
117	Iraqi Commission for Computers and Information									
118	Ministry of Electricity / Ministry center			NON COOPERATIVE				NON COOPERATIVE		
119	Ministry of Science and Technology		2-Nov-04	VERIFIED	Dedicated			ACTIVE	20-Aug-04	20-Aug-04
120	Ministry of Telecommunications			NON COOPERATIVE				NON COOPERATIVE		
121	Ministry of Enviroment		14-Oct-04	VERIFIED	Shared					
122	Ministry of Displacement and Migration		14-Oct-04	Need Equipment	Dedicated					
123	Ministry of Human Rights		2-Nov-04	VERIFIED	dedicated				Pending	
124	High Judicial Council		2-Nov-04	VERIFIED	Shared			ACTIVE	2-Aug-04	2-Aug-04
125	Federal Cassation Court	yes	30-Jun-04	VERIFIED	Shared	1 Trained Staff	15-Oct-04	ACTIVE	3-Aug-04	3-Aug-04
126	High Federal Court		2-Nov-04	VERIFIED	Shared			ACTIVE	2-Aug-04	2-Aug-04
127	Water Resources Administration Directorate							ACTIVE	3-Jul-04	3-Jul-04
128	Buildings General Commission		14-Oct-04	VERIFIED	Dedicated				Pending	
129	General Directorate for Dams and Water Reservoirs		2-Nov-04	VERIFIED	Dedicated				Pending	
			Total Number of Sites Surveyed - 59		Number of Sites Trained - 19			Number of Sites Entered Data		28
								Number With Actual Projected Dates		12
								Total Actual and Projected		40
Footnote 1: Training indicates when we have actually completed our training. Many of these sites were previously active in IFMIS and are able to use IFMIS without our refresher training.										
Spending Units With Actual Go Live Dates										
Items Which Have Been Successfully Completed										
Equipment or Internet Issues Identified										
Noncooperative Spending Units										