

IFMIS Restart – Status Update

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Background:

The Iraqi Financial Information Management System (IFMIS) is an automated budget execution tracking system that was selected in 2003 by the Coalition Provisional Authority in Iraq to replace a manual system used since the 1940s. Initial work was begun under BearingPoint USAID-funded Iraq Economic Governance I contract, but the majority of work has been done under the Economic Governance II (EGII) project. The program continued through phase II of implementation and was on target until all activity was suspended and the system was taken offline in June 2007 following the abduction of a BearingPoint consultant and his security team from the Ministry of Finance Data Center on May 29, 2007.

The Iraq Financial Management Information System

The intended purpose for the implementation of the Iraqi Financial Management Information System (IFMIS) is to provide the Government of Iraq (GOI) with an integrated automated financial management information system and a set of regulations and procedures that give the Ministry of Finance (MOF):

- Real-time reporting and management of cash expenditures across spending agencies; (brought online in 2005)
- Improved control and management of cash resources, accounting processes and budget execution in accordance with the Financial Management Law and international standards, and increased transparency in budget preparation and execution; (brought online in 2005)

The FreeBalance Platform:

The software chosen to build out the IFMIS is FreeBalance eFinancials, a proven application used with great success in numerous post-conflict nations -- including Kosovo, East Timor and Afghanistan. FreeBalance was also seen as an ideal solution in Iraq because, on the experience of similar projects, it is relatively quick to install and use compared to other major commercially available financial management packages, including SAP and Oracle, while providing the essential functionality of these systems. Other systems may be more powerful, but they are uniformly more cumbersome, complex – and certainly could not be deployed in a timely manner.

Reporting:

The IFMIS is capable of producing any number of reports based on real time data. The cumbersome nature of the Government of Iraq's legacy system was such that access to financial data and expenditure information took months to gather, and weeks to assemble. As might be expected, the manual process was prone to human error, and was thus of limited use to the Minister of Finance.

The GOI will be able to produce reports detailing trial balances, budget variance, expenditures and revenues -- broken out across spending units, directorates and ministries. However, it is important to note that while the Government of Iraq and the Ministry of Finance will have access to this information, in

real time – the United States Government and other donor agencies will not have access to the data unless it is communicated by the Iraqi Government.

IFMIS Restart – Project Overview

On January 14, 2008 a Memorandum of Understanding was signed by the Minister of Finance and USAID. The agreement lays out the respective obligations of each party and sets a timeline for resuming technical assistance and for restarting IT functionality. The system will be fully functional – as it was in May of 2007, prior to shutdown, by June 2008.

When the system returns to service, it will include:

- Newest version of the FreeBalance software build – 6.2
- The 2008 GoI Budget will have been uploaded, to include both the capital investment and operational budgets.
- New firewall hardware and software licences, so that the system may be rolled out to all 250 GoI spending units – completing the nationwide rollout. The IFMIS will accommodate up to 500 simultaneous users, and will be implemented in all line ministries, universities, provincial governments and the Kurdish regional Government (KRG).
- New hardware – to include upgraded memory, storage, processors and power supplies so as to improve the system’s performance and ensure longevity.
- By Fall of 2008, USAID will work with the MoF to implement a business continuity system by way of addressing disaster recovery. Backup servers will be placed in Adnan Palace.

Progress Prior to Suspension of Activity:

- The IFMIS was implemented throughout the Republic of Iraq – in spending units cutting across all of the country’s governorates and all Government Ministries.
- The IFMIS captured approximately 85% of actual expenditures and 99% of actual revenue when compared to the manual legacy system.
- 166 spending agencies were fully trained, of which 112 were fully operational.

Additional Functionality:

USAID and the MoF have in recent weeks agreed to resume work on implementing performance budgeting and purchasing functionality in the form of two modules. Prior to June of 2007, this work was supported through an ITAO-funded project. EGII advisors are presently performing functional mapping and are working with GoI counterparts in the Ministries of Finance and Planning to rebuild working groups.

Training Activities:

The EGII team of CCN Iraq-wide trainers have returned to their field assignments to complete an ongoing training needs assessment and are presently in position to work with their assigned spending units as the functional resumption of IFMIS approaches.

MoF IT Directorate counterparts are receiving targeted server administration best practice training while working to restore the IFMIS to full operability.

As the rollout to the remaining spending units is completed, targeted training will be delivered to the newly connected spending units.

