SPAN: Lessons Learned

Submitted by: Indonesia
SPAN: LESSONS LEARNED

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Agenda:

I. Indonesia PFM Reform
II. SPAN
III. Lessons Learned:
    ➢ Project Management
    ➢ Application
    ➢ CMC
IV. SPAN Roadmap
Creation of new Directorate Generals:

- DG Budget (budget formulation and preparation)
- DG Treasury (budget execution and treasury management - 2005)
- DG Fiscal Balance (management of transfer funds to the local governments - 2006)
- DG Debt Management (management of foreign and domestic loans - 2006)
- DGSAM (management of state assets and receivables – 2006)

Establishing IFMIS Project in Indonesia:

- 22 Dec 2004 to 2015: Government Financial Management and Revenue Administration Program (GFMRAP), $60 million WB investment loan for implementing IFMIS (SPAN);
- 12 Oct 2006 to 2017: PFM MDTF Part I ($24 m) and Part II ($10 m) grants to complement the WB GFMRAP and also to support a broad range of PFM reform initiatives.

Contracts for implementing SPAN

- IVV (Independent Validation and Verification) consultant to assist project preparation and procurement
- COTS and Systems Integrator (Turnkey) to deliver COTS Solution: Infrastructure, DC & DRC; Telecom links; Cabling
- BPI (Business Process Improvement) consultant (2007-2011)
- CMC (Change Management and Communication)
- PMQA (Project Management and Quality Assurance)
- SAKTI (Spending Unit Application) developer

New Laws:

- 1999: Decentralization law
- 2003: White Paper of PFM Reform
- 2003: State Finance Law
- 2004: State Treasury Law
- 2004: Audit of the management and accountability of the state finance

Roadmap of PFM Reform in Indonesia

1999-2004

2005-2009

2009-2013 And Beyond

Continuous improvements to support PFM reforms:

- The new simplified budget document which will focus on performance rather than detailed line item
- Full implementation and expanded coverage of the Treasury Single Account
- Continuing improvement on cash management, including deepening and stabilizing of TSA, cash plan, idle cash management, better coordination with debt and monetary management
- Deepening bureaucratic reforms within MoF
- Full integration of all information technology within MoF
- Implementation of accrual accounting 2014
SPAN Objectives

Gov’t Financial Management Reforms
- Laws:
  - No. 17/2003 on State Finance
  - No. 1/2004 on State Treasury
  - No. 15/2004 on Audit of State Finance

GFMRAP (Gov’t Financial Management & Revenue Administration Project)
- PFM (Public Financial Management)
- Revenue Administration
- Governance and Accountability

PFM (Public Financial Management)
- Strengthening policy capacity
- Strengthening and improving good governance of budget planning and development
- Budget and treasury modernization

Budget and Treasury Modernization
- Programs
  - Reform Team
  - Technical Coordination Team
  - SPAN Implementation
SPAN Scope

Policy Development and Review

Budget Preparation

Asset / Inventory Mgmt

Procurement / Purchasing

Mgmt of Budget Authorizations

Commitment of Funds

SPAN = B + T

Audit and Evaluation

Fiscal Reports & Budget Review

Accounting

Debt and Aid Management

Cash Management

SPAN DB

Daily operations

Payments and Receipts Mgmt

Commitment of Funds

Procurement / Purchasing

Tax and Customs

Asset / Inventory Mgmt

Payroll Calcs HR Mgmt

Policy Development and Review

Budget Preparation

Asset / Inventory Mgmt

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Mgmt of Budget Authorizations

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Commitment of Funds

Procurement / Purchasing

Tax and Customs

Asset / Inventory Mgmt

Payroll Calcs HR Mgmt
LESSONS LEARNED
Lessons from Project Management

- Need a full and continuous commitment from stakeholders (Internal MoF i.e., DGT, DGB, Pusintek; Externals: Central bank, Operational Banks)
- High level officials endorsement in managing the dynamic requirements of business processes; indefinite requirements may cause endless changes ...

- Strengthen the quality of development by providing fully dedicated counterparts; higher IT maturity level would be an advantage
- Issues, solutions, and decisions have to be well maintained and properly documented

- Internal MoF preparedness and developer performances need to be considered in developing a realistic project plan
- Supporting environment, such as: Policy (IT Blueprint, IT Security, etc.), Human Resources, and Budget, needs to be in place
Lessons from Application

• Need to deal with many “siloh” financial management systems; there is no standard data codification and interface

• Need to develop structured and disciplined data management procedures (CoA, Contractors, etc.)
Lessons from CMC

Contributing Factors that Improve Change Readiness:

1. Establishment of **Duta SPAN Coordinators** and **Duta SPAN Units**
2. Establishment of SPAN & SAKTI **Implementation Committee** (KISS)
3. Support from **MoF Leaders** (Echelon I and II officials) through circular letters, road show attendances, and SPAN newsletter articles
4. **Program Brief** materials provided by CMC team to Duta SPAN Units to be communicated during GKM activities
5. **SPAN communication** through SPAN website, SPAN newsletter and SPAN promotion materials
Lessons from CMC

Improved Change Readiness:

- The average perception score of CRS II is 2.10 of 5, a significant improvement from the result of CRS I (3.58 of 5)
- The priority areas of CRS II are:
  - Improvements in communication to address contextual needs
  - Clarity of organisation structure post SPAN implementation

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<thead>
<tr>
<th>Focus Area</th>
<th>CRS I</th>
<th>CRS II</th>
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<tbody>
<tr>
<td>Objectives of SPAN</td>
<td>3.79</td>
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<tr>
<td>Organisation Structure</td>
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<td>2.26</td>
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<td>Commitment</td>
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<td>Capacity and Skills</td>
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<tr>
<td><strong>Average</strong></td>
<td><strong>3.58</strong></td>
<td><strong>2.10</strong></td>
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SPAN RoadMap

CURRENT

Standalone and disparate systems with no integration but centrally developed and managed

27 systems: 14 belong to DGB & DGT 13 belong to Spending Unit, Revenue, Debt, etc

SPAN implementing Core Accounting as part of IFMIS Integrating the Budget & Treasury processes, and taking feeds from other systems

Centralized IT system with Single DB, 14 replaced by SPAN, 7 integrated to SPAN

POST SPAN

Enhanced systems for Performance Based Budgeting & Medium Term Expenditure Framework

More integration, More automation
SPAN

NOW:

Audit and Evaluation
Budget Preparation
Fiscal Reports & Budget Review
Mgmt of Budget Authorizations
Commitment of Funds
Debt and Aid Management
Cash Management
Payments and Receipts Mgmt
Debt and Aid Management
Procurement/Purchasing
Revenue Collection
Asset / Inventory Mgmt
Payroll Calcs
HR Mgmt

FUTURE:

Audit and Evaluation
Budget Preparation
Fiscal Reports & Budget Review
Mgmt of Budget Authorizations
Commitment of Funds
Debt and Aid Management
Cash Management
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