



Government of United Arab Emirates

United Nations Development Program

**Introducing the Oracle Financial ERP Business Suite of Accounting Applications
in the Federal Government of the United Arab Emirates**

Financial Management Information System (FMIS)

Brief description

The Ministry of Finance and Industry of the United Arab Emirates has implemented the Oracle ERP Financial Business Suite (FMIS) replacing its' COBOL financial systems in January 2007 as part of a program of financial reforms which are being implemented within a technical cooperation program with UNDP. The new set up and operation of the Oracle FMIS as ministerial separate accounting units will be developed from August 2007 and all Federal Ministries re-trained as separate accounting units in the autumn of 2007 with a full launch of the decentralized operation from January 2008. This component of the UNDP program will provide technical assistance in the setup and operation of Ministries in self accounting mode, the testing of the FMIS changes from August 2007, the re-training of ministries from September, the full launch and consolidation of the FMIS in all ministries from January 2008 and its consolidation during the first six months of 2008.

Part I. Situation Analysis

The Federal Government of the United Arab Emirates, led by the Ministry of Finance and Industry, has been introducing a number of initiatives aimed at modernizing public resources management and improving the efficiency and effectiveness of federal government spending in forty ministries and autonomous agencies. The initiatives include strengthening the strategic budgeting process and introducing performance based budgeting across the federal government, modernizing the accounting and information systems used in government financial management, and improving efficiency in cash management.

UNDP has been providing technical assistance in the above areas within the technical cooperation program with the Ministry of Finance and Industry on 'Introducing Strategic Budgeting in the Federal Government' initiated in 2003. A key component of the program has been the development of a new Financial Management Information System (FMIS) which started in January 2004. In the development phase (2004 until mid-2005), the FMIS was procured and customized in order to achieve the following benefits:

- Internationally recognized Accounting Information System;
- State of the Art Accounting Applications Software;
- Comprehensive Chart of Accounts for the Federal Government: The Chart of Accounts (COA) being the central nerve of the FMIS was designed in order to be able to classify the source of funding, the organization (Federal Ministries and Autonomous Agencies), the Programs and Sub-programs for the General Federal Budget and the economic and functional analyses of revenue and expenditure.
- Standardization of Chart of Accounts Structures in Autonomous Agencies;
- Conformity with International Reporting of Government Financial Statistics;
- Improved Financial and Management Accounting;
- Accounting Decentralization.

The new FMIS has the following accounting modules: Purchasing, Accounts Payable, Accounts Receivable, Cash Management, Budget Preparation, General Ledger, Fixed Assets and Payroll. In 2004 and 2005 federal ministries and autonomous agencies were introduced to and trained in the new procedures and applications being introduced through the FMIS.

The FMIS development was completed in 2006 and the FMIS commenced pilot operation and testing from September 2006 and full implementation in all federal ministries was rolled out from January 2007.

The radical accounting change from the centralized to decentralized mode of accounting operation to federal ministries operating as separate accounting units has meant that the FMIS setup, operation and control has had to be reviewed in 2006 and the launch of the FMIS in this revised mode of operation deferred to January 2007.

In this context the focus for the period of August – December 2007 will be the testing of the setup for enhancement of the FMIS operating as complete operating units from January 2008. The development and implementation of the FMIS Accounting and Technical Support Unit will

operate from January 2008 and in the first half of 2008 this Unit will be consolidated and the control and reconciliation division fully established at the Ministry of Finance and Industry.

Therefore in order to prepare for the 2007 re-launch of all federal ministries as complete separate operating units, ministries' staff will be re-trained in their revised accounting operation between August and December 2007.

The revised separate operating units will be implemented using the standard established Oracle FMIS functionality and the Payment Voucher and Purchase Requisition and Purchase Order Workflow customized extension will be reversed to follow the proven standard purchasing and payables functionality.

In this period the customized extensions to the operation of the payroll relating to leave advance, payment voucher processing, retrospective payments and direct payments through the payroll functionality will be set up for live operation from January 2008. Again the proven functionality will be re-introduced and the customizations removed.

The Chart of Accounts structure will be expanded to allow ministries to prepare their 2008 budget based on the organization (ministry, department, division, section), on the functional classification of programs and sub programs (GFS Classification) and on more detailed locations (buildings, schools, zones).

The period from January to July 2008 will be primarily concentrated on the review and strengthening of the decentralized accounting operations and the consolidation, reconciliation and control of the FMIS at the Ministry of Finance and Industry.

Finally, from August 2007 to July 2008 the need to strengthen accounting, bank reconciliation, sub ledgers posting and consolidation as well as procedures, audit trails and management reporting will also represent major activities.

Part II. Strategy

The government of the United Arab Emirates is committed to strengthening its governance institutions to ensure that it effectively and efficiently responds to the needs of its citizens and to the demands of a rapidly modernizing and diversifying economy in a competitive international environment. As part of this commitment, the federal government of the United Arab Emirates is implementing a number of public administration modernization programs including E-Government, Total Quality Management, Performance Based Budgeting, and Human Resources management improvements.

UNDPS' development mandate is based on assisting countries to achieve sustainable human development, and strengthening Governance through e-governance and public administration reform are part of UNDPS' main priorities and service lines within this mandate.

As per the request of the Ministry of Finance and Industry, the UNDP FMIS Management and Accounting Advisor will provide technical assistance in revisions, enhancements and continued implementation of the newly developed FMIS. The technical cooperation will be for one year to cover the period of pilot running and testing of the major revisions in decentralized FMIS from July to December 2007, leading to full implementation of these revisions and enhancements in all federal ministries from the beginning of 2008 until July 2008 for consolidation and bedding in of the FMIS.

The testing and pilot running stage relating to revisions of functions and enhancements will commence from August to December 2007. In this period a structured program will be developed and implemented and will involve:

- Decentralization and set up of the ministries as full separate accounting units in the FMIS;
- Establishment of the FMIS Accounting and Technical Control Unit.
- Accounting procedures, controls and reconciliation in decentralized ministries;
- Development of the Accounting Consolidation, Control and Reconciliation Division at the Ministry of Finance and Industry;
- Documentation of Financial Regulations for decentralization and Accounting Consolidation;
- Data migration, conversion, and reconciliation between the relevant legacy systems;
- Development and operations of the system administration functions;
- Development and operations of the database administration functions;
- Development and operations of the Help Desk;
- Computer hardware and data communications configurations;
- Further programs for end-user training; and,
- Strengthening the user operations documentation

The first half of 2008 will be dedicated to the a consolidation and bedding down process for the new revisions and enhancements to the accounting applications in the FMIS. This phase will be particularly important to ensure the change of management process though the effectiveness and of the System Administration, Database Administration and Help Desk Operation.

Meanwhile, requirements for immediate and future enhancements to the new FMIS will be examined, documented and a development management plan established.

Part III: Key Objectives and Terms of Reference (4th August 2007 – 3rd September 2008)

In this period of intervention the FMIS Management and Accounting Adviser will have the following eight major areas of outputs:

1. Advise and assist MOFI for the completion of the revisions and enhancements of the FMIS Production readiness to Final Production Acceptance, live operation and consolidation of the implementation in all Federal Ministries in decentralized mode of accounting operations.
2. Advise and assist MOFI in the development and implementation of the Centralized Accounting and Consolidation Division for the decentralized mode of operation of the FMIS.
3. Oversee and advise on the functional administration, management, control and operation of the new FMIS, incorporating System Administration, Database Administration, Oracle Support and Maintenance, Help Desk Administration and Computer Hardware and Network Configurations.
4. Revise and strengthen the accounting and audit capacity to operate and manage the new decentralized FMIS by continual on-the-job training.
5. Advise and assist in the data migration, conversion and cleansing of employee personal, employee pay, employee job and employee budgeting data from the legacy payroll,

creditors and general ledger systems to the Oracle Payroll, Accounts Payable and General Ledger Systems.

6. Advise and assist in the development of ad-hoc reports using Oracle development tools.
7. Develop an enhancement requirements list for the FMIS and establish a strategic plan for development and implementation of enhancements.
8. Advise and assist on the development and inter-linking of data between the FMIS and other systems as needed.

The expected outputs and activities in each of the above eight areas are shown in Annex 1: Project Results Framework.

Part IV. Management Arrangements

The technical cooperation will be nationally executed and implemented by the Ministry of Finance and Industry with management support provided by the UNDP as part of the integrated project on "Strategic Budgeting in the Federal Government of the United Arab Emirates".

The UNDP office in the United Arab Emirates will arrange for the implementation of the technical assistance as needed. The UNDP technical cooperation team within the Ministry of Finance and Industry currently consists of the Financial Management and Accounting Advisor, Budget Advisor, and, two Project Assistants/ Translators.

The Project Management Team of the FMIS implementation is headed by the Assistant Undersecretary for Accounts and Audit. The Financial Management and Accounting Advisor will report to the Assistant Undersecretary for Accounts and Audit.

The UNDP Financial Management and Accounting Advisor will work closely with the UNDP Budget Advisor in executing the project and completing activities identified in the work plan. He will ensure that there is effective coordination of his work with related project teams and other government agencies, as well as other collaborating bodies.

The Results Framework (Annex 1) provides details of the activities and outputs over the intervention period. The Results Framework may be subject to amendment and revision in consultations with all parties (MOFI and UNDP) if and when the interest of the MOFI calls for that.

The Financial Management and Accounting Advisor will submit a quarterly report on the performance of the FMIS implementation, based on the stated outputs and activities detailed in the Results Framework.

Part IV. Duration of Appointment

The appointment of the Financial Management and Accounting Advisor will be for a period of twelve (12) months from the effective date of appointment. During this period the appointee will be eligible for annual leave and will accrue such leave at the rate of 2.5 working days for each full month of continuous service, i.e. thirty (30) working days per year (annual leave should be taken during the period of the contract).

The appointment of the Financial Management and Accounting Advisor will expire automatically after twelve (12) months from the effective date of appointment, and without prior notice, unless

an extension is requested by the Ministry of Finance and Industry and is agreed on by the Financial Management and Accounting Advisor.

Part V. Budget and Financial Arrangements

See Annex 2 for Budget details and financial arrangements.

Part VI. Legal Context

The project document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Government of UAE and the United Nations Development Program (UNDP), signed by the parties on 19 January 1977. The host country-implementing agent shall, for the purpose of the standard Basic Agreement, refer to the Government Cooperating Agent described in the Agreement.

Annex 1: PROJECT RESULTS FRAMEWORK

Intended Outcome as stated in the Country Results Framework: Fostering Democratic Governance			
Outcome indicator as stated in the Country Program Results and Resources Framework, including baseline and target.			
Applicable MYFF Service Line: E-governance and access to information			
Partnership Strategy: The project will depend on effective partnership of MoFI/UNDP with other government ministries and autonomous agencies.			
Project title and ID: Introducing Strategic Budgeting in the Federal Government: FMIS Implementation			
Intended Outputs	Time Period	Indicative Activities	Inputs
1. Advise and assist MOFI for the completion of the revisions and enhancements of the FMIS Production readiness to Final Production Acceptance, live operation and consolidation of the Ministries in decentralized mode of accounting operations.	Sep-Oct 07 Sep-Oct 07 Oct-Dec 07 Dec 07 Feb 08	Oversee and assist with the following: <ul style="list-style-type: none"> • Decentralized Acceptance testing plan • Decentralized Function testing of FMIS Modules • Volume testing of FMIS Modules • Revised extensions to the Chart of Accounts • FMIS Integration Testing • Go operations of revisions and enhancements 	FMIS Expert
2. Advise and assist MOFI in the development and implementation of the Centralized Accounting and Consolidation Division for the decentralized mode of operation of the FMIS.	Sep -Nov 07 Nov -Dec 07 Nov -Dec 07 Sep -Oct 07 Sep -Oct 07	Oversee and assist with the following: <ul style="list-style-type: none"> • Organization of the Accounting Consolidation Division • Financial Regulations, Controls and Reconciliation • Accounting control and reconciliation of 130 Sub Accounting Ledgers • Decentralized Accounting Control and Reconciliation • Master Data Management and Control 	FMIS Expert

Intended Outputs	Time Period	Indicative Activities	Inputs
<p>3. Functional administration, management, control and operation of the new FMIS, incorporating System Administration, Database Administration, Oracle Support and Maintenance, Help Desk Administration and Computer Hardware and Network Configurations.</p>	<p>Sep-Oct 07 Oct 07 Dec 07 Sep-Nov 07 Sep-Nov 07</p>	<p>Document organization and procedures for:</p> <ul style="list-style-type: none"> • System Administration • Database Administration • Oracle Support and Maintenance • Help Desk Administration • Computer Hardware and Network Configurations 	<p>FMIS Expert</p>
<p>4. Accounting and audit capacities strengthened to operate and manage the new decentralized and centralized modes of FMIS accounting operations.</p>	<p>Oct 07 April 08</p>	<ul style="list-style-type: none"> • Implement a program for continual training of accountants in the Centralized and Decentralized FMIS. • Document programs for the audit of the FMIS using computer-assisted audit techniques. 	<p>FMIS Expert</p>
<p>5. Employee Personal, Employee Pay, Employee Job and Employee Budgeting data cleansed and migrated from the legacy payroll, creditors and general ledger systems to the Oracle Payroll, Accounts Payable and General Ledger Systems.</p>	<p>Sep-Dec 07 Oct-Dec 07 Dec 07 Jan 07-Feb 08</p>	<p>Oversee and assist in:</p> <ul style="list-style-type: none"> • Payroll data migration, conversion and cleansing. • Job data migration, conversion and cleansing. • Program and Sub-program data migration, conversion and cleansing. • Creditors data migration, conversion and cleansing. • General Ledger data migration and conversion. • Data transfer. 	<p>FMIS Expert</p>
<p>6. Ad-hoc reports using Oracle development tools.</p>	<p>Feb-May 08 Feb-Aug 08</p>	<ul style="list-style-type: none"> • Document additional reporting requirements. • Implement training programs for report writing using the Oracle tools Financial System Generator, Oracle Discover, Application Desktop Integrator. 	<p>FMIS Expert</p>

Intended Outputs	Time Period	Indicative Activities	Inputs
7. Enhancement requirement list for FMIS, and a strategic plan for development and implementation of enhancements.	Feb-July 08 June-July 08 June-Aug 08	<ul style="list-style-type: none"> • Document specific requirements for additional enhancements to the FMIS. • Prepare and enhancement development document. • Advise on the implementation of enhancements to the FMIS. 	FMIS Expert
8. Inter-linking of data between the FMIS and other systems.	Sep 07–Aug 08	<ul style="list-style-type: none"> • Document and advise on the data interfaces and data exchange between the FMIS and other systems within the period of intervention. 	FMIS Expert

Annex 2: BUDGET AND FINANCIAL ARRANGEMENTS

UNDP Financial Management and Accounting Advisor and Translator/ Administrative Assistant (1st September 2007 to 31st August 2008) – Estimated cost for 12 months

Lead Financial Management and Public Accounting Advisor:

- Total estimated cost (1st September 2007 to 31st August 2008): \$ 217,000

Translator/ Administrative Assistant:

- Salary (12 months+ 1 month replacement): \$ 46,000

Administrative Costs/ Miscellaneous: \$ 10,000

TOTAL BUDGET in US\$: US\$ 273,000

TOTAL BUDGET in AED: Dhs. 1,001,910

The above amount (AED) which will be administered in accordance with the applicable UN financial rules and regulations will be due in four payments as per the payment schedule below.

Amount in US\$	Amount in Dhs	Payment Due Date	Notes
\$	Dhs. 250,477	1 st September 2007	First payment
\$	Dhs. 250,477	1 st December 2007	Second Payment
\$	Dhs. 250,477	1 st March 2008	Third Payment
\$	Dhs. 250,477	1 st June 2008	Final Payment
Total: \$ 273,000	Total:Dhs. 1,001,910		

The amounts will be paid by cheque to the United Nations Development Program, or transferred to the under-mentioned UNDP (AED) Account.

United Nations Development Programme

Standard Chartered Bank

Dubai Branch, Dubai

Account number: 001421291601

The Lead Financial Management and Public Accounting Advisor's salary will be held by UNDP and paid on a monthly basis, as per UN Rules and Regulations. Financial reports of the project expenditures and budget status will be provided to The Ministry of Finance and Industry on a regular basis.

Any savings made in the above budgeted amounts, according to the request of Ministry of Finance and Industry, will either be (a) refunded to the Ministry of Finance and Industry; or (b)

held under UNDP funds for future technical cooperation with the Ministry of Finance and Industry. Should expenditures exceed the budgeted amounts for any unforeseen reasons, UNDP will consult the Ministry of Finance and Industry for prior approval to revise the budget accordingly, and ensure the availability of funds prior to the activity.

Note:

The Ministry of Finance and Industry will cover expenses/daily allowance related to the Lead Financial Management and Accounting Advisor's travel outside Abu Dhabi if and when required by the project activities.

UNDAF Outcome(s)/Indicator(s): _____
(Link to UNDAF outcome., If no UNDAF, leave blank)

Expected Outcome(s)/Indicator (s): _____
(Those that are linked to the project, are extracted from the CP
and are linked to the SRF/MYFF goal and service line)

Expected Output(s)/Indicator(s): _____
(Those that are linked to the project, are extracted from the CP
and are linked to the SRF/MYFF goal and service line)

Implementing partner: THE MINISTRY OF FINANCE & INDUSTRY
(designated institution)

Other Partners:
(formerly implementing agencies)

Program Period : Sept 07 – Sept 08
Program Component : FMIS Implementation
Project Title : Strategic Budgeting in the Federal Government
of the UAE: FMIS Implementation
Project ID :
Project Duration: 1 year

Total budget: \$ _____
Allocated resources:
• Government \$ _____
• Regular _____
• Other: (including in-kind
contributions)
○ Donor _____
○ Donor _____
○ Donor _____
Unfunded budget: _____

**Agreed by Government/ Implementing Partner: The Ministry of Finance and Industry
H.E. Jassim Al Shamsi, Assistant Undersecretary for Accounts and Audit**

**Agreed by United Nations Development Programme
Dr. Khaled Alloush, UNDP Resident Representative**
