Diagnostic Framework to Assess the Capacity of a Government FMIS as a Budget Management Tool (DF-FMIS) - World Bank

Objective and features

1. Objective

DF-FMIS is used to assess the utility of a financial management information system (FMIS) as a budget management tool and to

- provide a better understanding of how an FMIS can contribute to larger PFM objectives;
- point out whether the system has the capacity to serve as a good budget management tool and whether its functionality, coverage, and scope can have a significant impact on a government's ability to deliver services; and
- allow for comparison across countries within specific dimensions.

2. Institutional coverage

National governments.

3. Technical coverage

DF-FMIS evaluates the treasury operations (on-treasury, off-treasury), FMIS coverage (coverage of payments handled by the Ministry of Finance, geographical coverage, coverage of financing sources), budgeting (budget classification, budget transactions, commitment management, payment management, receipts management, interface with banking system, fiscal reporting, basis of accounting, advanced budgeting features), ancillary features (related to budget preparation, payment control, debt management, fixed assets, and audit), and technical aspects (ICT system support, system architecture, mode of deployment, use of data warehouse and analytical tools).

4. Application method

Custodian.

Methodology

5. Methodology

Assessment is done using 40 diagnostic questions. A few qualitative questions are added for background information. The assessment questions are spread across the following set of features that are found to be critical in determining the effectiveness of an FMIS as a budget management tool:

- Treasury single account (TSA) – the degree of consolidation of government cash balances and the extent of direct purview of the treasury.
- FMIS coverage – a proxy for measuring the extent to which government financial transactions are covered by the FMIS.
- Core system functionality – issues relating to budget management, commitment management, payments management and associated controls, payroll-related payments, debt service payments, fiscal transfers and subsidies, and tax and non-tax receipts.
- Ancillary features – use of systems modules and interfaces with other systems.
- Technical aspects – the nature of the underlying information systems support to budget execution or treasury processes, systems architecture, and the use of a data warehouse and associated analytical tools.

6. Benchmarking system

Benchmark approach with scoring system. The answers are scored from 0 to 3, where 0 represents not available and 3 represents a fully functioning system. The scores are aggregated into total system strength between 0 and 100.

7. Linkage to PEFA framework

The questions in the assessment cover a number of PEFA performance indicators: aggregate expenditure outturn (PI-1), budget classification (PI-4), public asset management (PI-12), debt management (PI-13), budget preparation process (PI-17), revenue administration (PI-19), payroll controls (PI-23), internal audit (PI-26), and external audit (PI-30).

8. Complementarity with PEFA framework

DF-FMIS offers an assessment of government information systems that are only indirectly covered by the PEFA framework.

Development and use

9. Development and coordination

Independent Evaluation Group (IEG) evaluations seek to provide objective assessments to ensure that the World Bank Group is accountable to achieving its development objectives. This tool is based on IEG's experience of rigorous, field-based WB project-level evaluations with substantial FMIS components.

Well-functioning accounting and financial management systems are central pillars for a government to manage its public finances and delivery of services. This diagnostic framework was developed in 2016 to assess FMISs and identify the bottlenecks.

10. Assessment management

Data for the preliminary assessment was gathered from the WB database and the national governments. Quality assurance for the preliminary assessments was provided through the WB IEG standard procedures.

11. Uses by the government and members of the PFM community

The tool can identify bottlenecks in the current FMIS which can be targeted for achieving better value for money for project funds. DF-FMIS can determine whether FMIS coverage and scope of use is enough for fiscal management. This can be used to improve portfolio performance, hold stakeholders accountable, and deliver systems that facilitate improved management of public resources.

12. Sequencing with other tools

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13. PFM capacity building

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14. Tracking of changes and frequency of assessments

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15. Resource requirements

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Transparency

16. Access to methodology

DF-FMIS methodology is *available* as a part of WB IEG working paper on preliminary application of the methodology to a sample set of 22 low-, middle-, and high-income countries, mostly in Africa and Asia.

17. Access to assessment results

See section on access to methodology above.