

Implementation of FMIS in the budget sector of Republic of Bulgaria

What is the FMIS? FMIS stands for Financial Management Information System. The development of the FMIS for the budgetary sector within the Republic of Bulgaria is an important phase of the undergoing budget's reform for achieving effective management of the budgetary resources in compliance with the contemporary tendencies in the countries of the European Community. The project was approved and supported by the International Monetary Fund, the European Commission and other international organizations and institutions.

The FMIS will facilitate the accounting for budgetary operations and fiscal management of the government and the separate budgetary entities.

The specific targets of the FMIS are:

- to create a fully integrated system for financial management of the budgetary sector;
- to provide secure integration and communication with other relevant information systems;
- to register and keep precise and reliable information in good time on all budgetary activities;
- to provide prompt and efficient access to reliable information concerning the budget upon request of internal and external consumers;
- to facilitate the analysis and the financial management policy making;

The FMIS is implemented as a phased-in project. Presently the three SAP R/3 modules originally developed in phase one of the FMIS, namely the Financial Accounting, Cash Management and Budget Execution modules are implemented. These modules were implemented in all First Level Spending Units (FLSU) on central level and six selected Second Level Spending Units (SLSU) within the Ministry of Finance.

The simultaneous introduction of the three modules with all the first level spending units made the process difficult to control and manage. To minimize the risks in future it was envisaged to select pilot units within the Ministry of Finance and controlled by the Minister of Finance for implementation of the extra critical functionality in the second phase.

Upon successful completion of the pilot project, and when the system is accepted and is fully operational within the pilot areas within the Ministry of Finance, the additional critical functionality will be introduced in all other areas of the Ministry of Finance and then all First Level Spending Units.

The areas within the Ministry of Finance for the pilot project are as follows:

1. Directorate of Financial and Economic Activities and Administration and Legal Services within the Ministry of Finance as a first level spending unit;
2. General Tax Administration as a second level spending unit;
3. One third level spending unit that reports to the General Tax Administration.

This pilot project has started and is currently being co-supported by the EU-Phare project BG9909.02.01 "Support of the Middle-Term Strategy and Restructuring of the Ministry of Finance". The project is focused on two critical fronts, one reviewing the issues with the current three installed modules and the second at defining the additional functionality and developing the requirements for it. Once this phase of the FMIS project has been successfully completed we will then have a good foundation in place to build on future information strategy and implement new functions, such as budget planning, human resource etc