

MINISTRY OF FINANCE
REPUBLIC OF THE MARSHALL ISLANDS

Public Financial Management Reform Roadmap Progress Report



12/1/2015

Introduction

The PFM Roadmap sets out a program of actions to be taken over the medium-term to improve PFM Systems in RMI. The starting point for this analysis was the 2012 Public Expenditure and Financial Accountability (PEFA) study. The PEFA study reviewed the Government's PFM framework, assessed the strengths and weaknesses, and assigned ratings for each PFM area, in accordance with the international PEFA scoring methodology.

The PFM Roadmap was developed through detailed discussions with the key divisions of the Ministry of Finance and related stakeholders including the Chief Secretary, Public Service Commission, Parliamentary Committees, Auditor General, line ministries, local governments, NGOs and civil society.

Substantial, government-wide progress on PFM reform has been hampered by failure to form a PFM Reform Steering Committee as outlined in the Roadmap. Progress on PFM reform therefore, has been limited to actions mostly by the Economic Policy, Planning, and Statistics Office (EPPSO), the Public Accounts Committee (PAC) of the national legislature, and Ministry of Finance, as detailed on the following matrix of activities.

The Ministry of Finance (MOF) of the Republic of the Marshall Islands (RMI) has committed to improve and strengthen its public financial management capacity to contribute to the Good Governance goal stated in the National Strategic Plan 2015-2017 (NSP). After the formal adoption of Public Financial Management Reform Roadmap (PFMRR) in August 2014, the MOF has led the effort in implementing its recommendations and targeted activities. With national efforts and external support from development partners, the MOF has initiated efforts in strengthening institutional framework, financial accountability, transparency and budget oversight, and aid coordination. However, these efforts continue to require consistent attention and action to realize the full benefit of the Reform Roadmap.

This report provides the latest activities and progress steps on implementation of the PFMRR from August 2014 to October 2015. It highlights key progress and achievements under each component. Updated reports with the latest developments and activities will be provided in the future.

Through its reform efforts, MOF has identified weaknesses in its technical capacities. In order to address these weaknesses, MOF has recruited expatriate consultants and experts through assistance from development partners to strengthen the local institutional capacity. The recruitment and retention of qualified officials will be particularly important to sustain and strengthen the capacity of the Ministry. Recruited experts at this time are:

- Financial Advisor, Mr. Maurie Williams

Purpose: Mr. William serves as Financial Advisor to provide public financial and economic management and technical support to build local capacity within the MOF, in particular, the Accounting Division.

- Accountant-Consultant, Ms. Riza Perez
Purpose: Ms. Perez serves as Accountant-Consultant to provide support in accounting and reporting within the Accounting Division and to provide hands-on capacity training to enable local staff to maintain operations in the future.
- Budget Director, Robin Kios

Furthermore, the following recruitments are currently planned and are under consideration by development partners for funding support:

- Accountant-Consultant
Purpose - to further strengthen accounting and reporting capacity of the Accounting Division
- Internal Auditor
Purpose - to address PFMRR Component 24, which is to develop and maintain the capability to conduct internal audits within the MOF
- Procurement Specialist
Purpose - to address PFMRR Component 8 to strengthen the procurement system and to raise the capacity of local personnel

Some setbacks in implementing targets have understandably been encountered by MOF; the most problematic are related to electronic accounting and reporting processes, automation, and integration with HRMIS systems. Currently, MOF uses the 4GOV Financial Management Information Software (FMIS) for most financial reporting activities. Unfortunately, the 4GOV vendor, Aptean, cannot provide training at this time for current modules in use or for the additional modules that MOF would like to add. MOF is exploring other options provided by government accounting software vendors and seeking comments from other Pacific nations and organizations on what systems work best for small governments.

PFM REFORM COMPONENTS

Component 1- Strengthened PFM Legal and Policy Framework

The new MOF Secretary, Maybelline Andon-Bing, and MOF Management team are working to implement targeted actions within the PFMRR. No clear legal or policy framework changes have been identified or deemed necessary at this point in time.

Component 2- Improved Budgeting Framework

Progress: The development of a National Strategic Plan (NSP) has been completed, and the NSP formally adopted by the GRMI. EPPSO is currently preparing a NSP Progress Report. Linkage of the NSP and sector planning projects is in its beginning stages, with some ministries showing more progress than others. Implementation of a Fiscal Responsibility Act is under review by Cabinet, but no action should be expected until 2016. Some Compact Sector budgets are being classified to include functional dimensions.

EPPSO is working with MOF to prepare and update the MTBIF/FMM, which projects budgets over 3 year periods. This effort will help align the global budget with the NSP priorities, as well. EPPSO will also be assisting ministries throughout this year and next year in either developing or updating rolling three-year operational/strategic plans, starting with MOH and MPW.

Under its new leadership, MOF is examining the possibility of separating administration duties from the Accounting Division, as is currently the case. The new Financial Advisor and Accountant-Consultant are examining staffing and procedures to identify needed reassignments and changes necessary. MOF is also currently seeking another accounting TA with the support of the Republic of China (Taiwan) Embassy. There may be also a possibility of support from the Australian Pacific Technical Assistance Mechanism (PACTAM).

Component 3- Strengthened Accounting Systems

Progress: Monthly reconciliations and balance sheets are now in place, and payment arrears are being recorded and reported. Direct deposit electronic payments to vendors and GRMI employees are available. The Bank of Guam is conducting automated reconciliations from its end, but MOF staff will need more training to implement this.

Component 4- Strengthened Fiscal Reporting

Progress: The FMIS, 4Gov, is capable of handling this responsibility, but the 4Gov vendor, Aptean, is unable to provide training for the use of this module at this time due to staff changes and shortages. MOF is currently researching other FMIS.

Component 5- Annual Reporting by LMs

Ministries provide annual reports at the end of each fiscal year.

Component 6- Creation of GRMI Web Portal and webpage for MOF and LMs

Progress: A MOF website development plan has been proposed, and MOF is seeking to recruit a technical expert/firm to establish the official MOF website with the funding support from a development partner. This project is expected to be completed by the end of first quarter of 2016. The primary purpose of the official MOF website will be to publicize key fiscal information for public access, thereby addressing transparency and budget oversight issues.

Component 7- Improved Cash Management

Progress: Procedures for conducting monthly cash flow forecasting of receipts and payments are in draft form. Training to conduct automated cash flow forecasting is unavailable from Apteon at this time, but weekly cash flow reports are being provided manually.

Component 8- Strengthened Procurement Management

Progress: A plan to recruit a procurement/supply specialist has been proposed. The purpose of this recruitment is to strengthen the current procurement management and procurement system. The technical consultant will be embedded within the Ministry to provide technical guidance and hands-on training to local staff to enhance the institutional capacity. The recruitment process is expected to be completed by the end of 2015. Currently, a shortage of staff and processing software is hampering the division. Expenditure reports are available online to the public.

MOF has conducted SOP training for other ministries with good feedback and results.

Component 9- Improved HR and Payroll Management

Progress: 4Gov cannot provide the desired HR functions. Therefore, MOF and the Grant Writing Office have been working closely with the Public Services Commission (PSC) to recruit a technical consultant or firm to establish the Human Resources Management Information System (HRMIS). The new HRMIS will be housed at the PSC to enable the human resources personnel to effectively and efficiently manage personnel data and processes. The selection of the appropriate technical consultant or firm is ongoing, and the ADB is supporting this effort. PSC is planning to complete the HRMIS contract by the end of 2015.

Component 10- Implement a Government-wide intranet system for email and automated FMIS/HRMIS workflow

No actions reported.

Component 11- Strengthened Asset Management

No actions reported.

Component 12- Strengthened Inventory Management

No actions reported.

Component 13- Automated Costing of Government Outputs, Outcomes, and Programs

No actions reported.

Component 14- Introduction of a performance based management framework

Currently, nine ministries have received training in performance-based budgeting, and, by 2017, all government ministries will be required to use performance-based budgeting processes.

Component 15- Improved SOE Oversight

The RMI government adopted an SOE reform policy in 2012 that guided the SOE Bill drafted in 2013. The Bill was enacted in 2015 and establishes a robust legislative, governance, and monitoring framework. Implementation should substantially improve SOE financial and operational performance.

MOF leadership will need to re-examine all targeted actions within the PFMRR and may consider redefining the targeted actions in relation to SOE oversight and fiscal monitoring.

Component 16- Improved LG Financial Management

No actions reported.

Component 17- Improving management of GRMI Embassy imprest accounts

MOF has provided training on imprest accounts to MOFA embassy staff.

Component 18- Improved Tax Administration

Progress: Stakeholder and public consultations were completed. Tax reform legislation has been introduced in the national parliament or Nitijela and is awaiting passage. An independent tax appeals mechanism would be part of the tax reform legislation. A survey of foreign-owned businesses has been completed, and plans are being made to provide for a monitoring structure. Efforts will be expanded to include local businesses and taxpayers in the future. An IT Strategy has been prepared with Technical Assistance and the Customs and Tax Division of MOF is currently researching electronic/digital options for improving its services. In the meantime, a simple alternative system using Excel was created and is now in use. Work on strategic and operational plans is on-going.

The recently-passed Foreign Investment Business License (Amendment) Act 2015 will improve the registration and accounting records of foreign investment businesses with the goal of more accurate tax collection leading to greater revenues.

Component 19- Strengthened Management of Non-tax and Special Revenues

Progress: Discussions on establishing a non-tax unit within MOF are underway, but MOF will need to seek TA for developing the legal framework.

Component 20- Improved Debt Management

Office of the Auditor General has completed and released a “Cooperative Performance Audit on Public Debt” as part of the collaboration effort with the Pacific Association of Supreme Audit Institution (PASAI) with the follow abbreviated list of findings:

- ✓ The Borrowing Act does not contain all of the key provisions for issuing and managing long term debt
- ✓ RMI has experienced challenges at mitigating financial risk when borrowing or providing guarantees
- ✓ RMI does not have a debt management strategy that would help mitigate loan default risk

Component 21- Strengthened management of trust funds and other managed financial investments

No actions reported.

Component 22- Improved management of contingent liabilities

No actions reported.

Component 23- Review of Social Security framework

No actions reported.

Component 24- Establish Internal Audit function

Progress: MOF is seeking long-term technical assistance to establish the internal audit function, and is requesting reprogramming of leftover Compact funds to support this effort. Recruitment will start following approval of the reprogramming, which is expected by the end of 2015.

Component 25- Strengthen external audit function

In cooperation with the Pacific Association of Supreme Audit Institutions (PASAI), the Office of the Auditor General completed and released a Cooperative Performance Audit on Public Debt in January, 2016. This report recommended that “a debt management unit should be established to

administer and monitor the public debt functions and activities to keep RMI informed of the current debt situation.”

Component 26- Strengthen oversight by Public Accounts Committee

The PAC has been conducting public hearings annually. These hearings allow inquiry into the budgets and expenditures of all government ministries and agencies. No effort towards creating a Secretariat for the PAC has begun.

Component 27- Quarterly follow-up of IA, EZ, and PAC recommendations

No actions reported.

Component 28- Strengthened Aid Coordination

Progress: An institutional arrangement within the Ministry to marry the two operations of the Grant Writing Office (GWO) and the Office of International Development Aid (OIDA) in order to improve the overall aid coordination is ongoing. This would especially concern the programs of the European Development Fund, Asian Development Bank, and World Bank. The aim is to improve the Ministry’s efforts and response from national to sub-national levels.

Component 29- PFM Reform Project Governance

MOF Management Team is currently overseeing progress within the Ministry. Greater coordination and management across all sectors is still needed. Hopefully this will happen with the formation of the Steering Committee.

Component 30- PFM Reform Communication and Training

Progress: The PFM Reform Roadmap has been disseminated among the governmental entities to increase the awareness and support of the reform activities. In addition, MOF has launched a two-day training on the Procurement Code and the MOF Standard Operating Procedures targeting government employees on Oct. 8 and 9, 2015. This training was conducted to enhance and refresh government employees with the important procurement requirements and procedures. Comments and suggestions from the trainings will assist in refining and amending the procedures.

Proposed Medium-Term PFM Reform Roadmap for RMI

The PFM Roadmap Working Group formulated a proposed timeframe for the implementation of the key activities within each of the thirty PFM reform components. The proposed sequencing of the key activities within each of the reform components is set out in Table 2 below:

Table 2. RMI: Three-Year PFM Reform Plan

Action		2013	2014	2015	Beyond 2015
1. Strengthened PFM Legal and Policy Framework					
1.	Review of PFM Legislation	X		TA	
2.	Introduction of PFM regulations, including Fiscal Responsibility Regulations	X	X	TA (ADB)	
3.	Finalization and promulgation of PFM Policy and Operations Manual	X	X		
4.	Review and updating of PFM systems User Guides	X	X		
2. Improved Budgeting Framework					
1.	Development of a national strategic plan	X (TA)	COMPLETED		
2.	Introduce comprehensive corporate and sector planning processes	X (TA)	X	EPPSO assisting ministries in developing or updating 3-year plans	
3.	Linkage of strategic planning documents with budgets	X	X Work in	Coordinated by EPPSO. Initiated by	

Action		2013	2014	2015	Beyond 2015
			Progress	some ministries, but not government-wide yet	
4.	Integrate investment and recurrent budgets	X	X		
5.	Implement Fiscal Responsibility Act	X (TA)ADB	X	WIP – Under Cabinet review	
6.	Expand Budget classification to include functional and program/outcome/output dimensions. Possibly geographic dimension	X	X	Initiated for some Compact-related sectors of the Budget	
7.	Improve Budget documentation including budget comparatives, forward year estimates, macroeconomic outlook, macro-fiscal targets and strategy, sector strategies, new policy initiatives, savings measures, fiscal risks, commitments, guarantees and other contingent liabilities, program objectives, performance indicators etc.	X	X	Currently using MTBIF tool, but it does not align perfectly. Better projections still needed. Budget Coordinating Committee formed and active.	
8.	Prepare a new schedule to the Budget summarizing funding for each LM and agency from each funding source.	X		“Bird’s Eye View” is now in use.	

Action		2013	2014	2015	Beyond 2015
9.	Prepare a new schedule to the Budget summarizing funding for each LG from each funding source, including own revenues.	X			
10.	Expanded institutional coverage of the Budget, including extra-budgetary funds and accounts.	X	X		
11.	Introduce Portfolio budgeting across GRMI	X		EPPSO is working with each ministry to train and build capacity for portfolio budgeting and align with NSP priorities	All ministries will be required to use portfolio budgeting by FY17 onwards
12.	LM and LG special and non-tax revenues to be included in budgets and fiscal reports	X			
13.	Introduction of a medium-term budgeting framework			Using MTBIF tool and ADB fiscal management model. MOF and EPPSO working together, with support provided by IMF.	X

Action		2013	2014	2015	Beyond 2015
3. Strengthened Accounting Systems					
1.	A monthly reconciliation checklist of all balance sheet items to be completed each month	X	Completed and in force.	Reconciliations completed monthly while also working backward to make necessary corrections in past records.	
2.	Electronic payment of suppliers and employees	X	X Direct deposits are available to both employees and vendors.	X	
3.	Automated bank reconciliations	X	X	Further reconciliations needed. Work is in progress at both MOF and BOG.	
4.	Payment arrears recording and reporting	X	Completed and in force.		
4. Strengthened Fiscal Reporting					
1.	Build capacity and systems for automated in-house production of monthly financial reporting	X	FMIS is capable but not user-friendly and vendor cannot provide training. Examining		
2.	Build capacity and systems for automated production of annual financial statements	X			

Action		2013	2014	2015	Beyond 2015
			other FMIS software options.		
3.	Include all extra-budgetary entities and transactions in fiscal reports, including SAGAs, trust accounts, special funds and donor projects.				
5. Annual Reporting by LMs					
1.	All LMs and agencies to table an annual report of operations and finances		X	Reports are provided at the end of each FY.	
6. Creation of GRMI Website and Portal					
1.	Creation of GRMI Portal for MOF and LMs.			RMI has a Cabinet web portal, but it is inactive. EPPSO provides portal for sector plans, statistics, and reports.	
2.	Creation of a MOF webpage on the GRMI Portal			MOF is seeking to establish an independent web presence with TA assistance.	
3.	Publication of budget circulars, budget				

Action		2013	2014	2015	Beyond 2015
	documents, fiscal reports, financial regulations, PFM policies and procedures and other information on the MOF website.				
7. Improved Cash Management					
1.	Build capacity in line Ministries to do monthly cash flow forecasting of receipts and payments.	X	X In draft form	Further action will depend on FMIS system improvements or adoption.	
2.	Build an automated cash flow forecasting system, integrated with the core IFMIS. - The forecasting system would provide online access to line departments to submit their forecasts, and consolidation and reporting functionality for DFA	X	X	4Gov cannot provide the needed training at this time.	
3.	Review Government bank account group and set off arrangements (incl. extra budgetary funds) with the transactional banks to ensure that the Government's overnight cash position is maximized	X			
4.	Build a system to perform a daily consolidation and reporting of the Government's overnight	X	X	Weekly cash reports are provided.	

Action		2013	2014	2015	Beyond 2015
	cash position				
5.	Examine feasibility of maintaining a cash buffer, or automatically linkage to investments account (through overdraft group arrangements) to provide automatic funding for ST cash deficits and prevent accidental overdraft, and to offset poor forecasting by line departments	X			
6.	Examine feasibility of introducing a 30 day payment policy	X			
8. Strengthened Procurement Management					
1.	LMs and LGs to have online access to view status of individual procurement actions, at each stage of procurement cycle.	X	X		
2.	Need automated generation of recurring POs and payments – need facility for electronic approval of contracts with fixed recurring payments e.g. landowner payments, leases, cleaning contracts, quarterly drawdowns to LGs etc.	X	X		
4.	Need an automated commitment control system to support management and control of budget execution	X			

Action	2013	2014	2015	Beyond 2015
and maintain fiscal discipline.				
5. LMs and LGs to have online access to view status of each budget line: including original budget, revised budget, encumbrances, commitments, deliveries, invoices and payments, and available budget.	X			
6. Undertake MAPS assessment (OECD-DAC Methodology for Assessing Procurement Systems).	X (TA)			
7. Configure the electronic purchasing system to record classification of each procurement by procurement category: tender, single supplier, 3 Quotations, minor purchase (<\$500).	X			
8. Record supplier performance in the purchasing system. Produce whole-of-Government supplier reports, including top 10 suppliers by value, top ten suppliers by sector, top ten by line item, supplier performance rating, top ten single suppliers by value, single suppliers by sector, by line item etc.	X			

Action		2013	2014	2015	Beyond 2015
9.	Strengthening of procurement capacity through LM and LG procurement training and updated procurement procedures manuals.	X	X		
10.	Publication of contract awards	X			
11.	Publication of procurement plans	X			
12.	Introduction of appeals mechanisms for tenders.				X
9. Improved Payroll Management					
1.	Undertake a complete establishments audit of all GRMI agency organization structures, duty statements and salary levels	X (TA)	X (TA)		
2.	Review feasibility of using 4Gov to support the Government's HR functions	X		WIP – 4Gov is not capable. With ADB support, PSC is considering other providers at this time.	
3.	Implementation of an HRMIS. The HRMIS should automate all standard HRM processes and support the following functions: <ul style="list-style-type: none"> • Establishments and 	X (TA)	X (TA)	WIP – 4Gov is not capable. With ADB support, PSC is considering other providers at	

Action		2013	2014	2015	Beyond 2015
	duties <ul style="list-style-type: none"> • Vacancies, applications and recruitment • Salary and allowances • Overtime • Higher duties allowance • Leave entitlements • Superannuation and pensions • Workers compensation • Promotions and salary increments • Transfers • Training and development • Performance contracts and appraisal • Succession planning. 			this time.	
4.	Automatic integration/interface between the HRMIS and the MOF payroll and accounting systems	X	X	WIP – 4Gov is not capable. With ADB support, PSC is considering other providers at this time. Integration will depend on selection of the appropriate software.	
5.	Automated reconciliation each fortnight between the HRMIS and MOF payroll/accounting systems	X	X		
6.	Payroll audits to be		X	X	

Action		2013	2014	2015	Beyond 2015
	conducted at least every six months				
10. Implement a Government-wide intranet system for email and automated FMIS/HRMIS workflow management					
1.	Implement GRMI intranet system for email	X			
2.	Integrate the FMIS (4Gov) and HRMIS systems with the email system to facilitate automated workflow (automatically sending and receiving procurement and HR requests/approvals via email).	X	X		
11. Strengthened Asset Management					
1.	Automated asset registration and valuation, and recording of complete life cycle including acquisition, transfers, depreciation, maintenance and disposal.	X	X		
2.	Examine feasibility of using 4Gov FA module	X		Effort on hold as 4Gov cannot provide product support and training at this time	
3.	Capital planning and budgeting for life cycle management, including asset maintenance,		X (TA)		

Action		2013	2014	2015	Beyond 2015
	utilization, refurbishment and replacement				
12. Strengthened Inventory Management					
1.	Automated inventory registration and valuation, and recording of complete life cycle including acquisition, transfers, usage and disposal.			X	
2.	Capital planning and budgeting for life cycle management, including inventory optimal levels, re-order points, aging, utilization etc.			X	
13. Automated Costing of Government Outputs, Outcomes and Programs					
1.	<p>To provide the tools needed by LMs to undertake automated Program Costing (costing of Programs, Outcomes, Outputs, Activities etc.) using primary and secondary cost allocation methods:</p> <ol style="list-style-type: none"> 1. Develop Program Costing (PC) implementation plan. 2. Confirm agreed Program Costing policies and methodologies, including agreed cost center structures, agreed cost drivers for allocation of LM support services and overheads, cost 			X	Required performance budget portfolios will provide costing for activities.

Action		2013	2014	2015	Beyond 2015
	absorption methodologies, maintenance of primary and secondary cost views etc. 3. Document PC functional and technical requirements. 4. Develop and document PC system design. 5. Undertake PC system configuration. 6. Undertake testing of PC system. 7. Document PC system policies and procedures. 8. Conduct user training.				
14. Introduction of a Performance Based Management Framework					
1.	Establish Performance Management Framework Working Group.				X
2.	Formulate and validate program structure for each LM.				X
3.	Formulation and validation of metric performance indicators for each LM program.				X
4.	Assign accountability for LM Program delivery (Outcomes, Outputs and Activities) to responsible organizational units within each LM.				X
5.	For each LM Program, agree on methodology for				X

Action		2013	2014	2015	Beyond 2015
	collection and validation of non-financial performance data.				
6.	Formulate and sign performance agreements.				X
7.	Put in place formal systems for collection, validation and reporting of non-financial performance data.				X
8.	At the end of each year, assist LMs to prepare and publish a formal report of their activities and performance for the year, including financial statements.				X
9.	MOF to undertake regular and special Public Expenditure Reviews (PERs) to assess efficiency and effectiveness of LM Programs.				X
10.	Internal Audit function to undertake performance audits of MDA			Performance audits are conducted by the Office of the Auditor General upon request. Staffing limits audits to 4 per year.	X
11.	Central Audit Agency to further develop formal performance audit function				X

Action		2013	2014	2015	Beyond 2015
12.	Provide guidance to Parliamentary Committees overseeing public financial management and the Budget to conduct inquiries into MDA Program performance, using the performance plans published in the MDA PBSs and the MDA Annual Reports of operational performance and results.				X
13.	Establish framework for MOF to carry out a quarterly follow up of MDA implementation of CAA performance audit recommendations.				X
14.	MOF to use LM performance information to assist with budget allocation decisions during the Budget formulation process.				X
15. Improved SOE Oversight					
1.	<p>MOF to establish an SOE Oversight Unit to provide advice to the RMI Government on SOE performance management.</p> <p>The Unit's primary tasks in relation to SOEs would be to:</p> <ul style="list-style-type: none"> provide strategic and analytical advice, by engaging 	X			

Action	2013	2014	2015	Beyond 2015
<p>with the SOEs, analysing their operations and their environment, and consulting with stakeholders;</p> <ul style="list-style-type: none"> • action the Government's decisions on SOEs including communicating objectives; and • ensure that there is a robust and sound governance framework in place. 				
<p>2. MOF to put in place strengthened framework for SOE governance and oversight, including corporate governance policies, performance policy and targets, financial policy, dividend policy, risk management, reporting, monitoring and evaluation and accountability.</p>	X	X		
<p>3. MOF to produce SOE performance management manual and guidelines for reviewing PE operating and capital budgets and financial statements, evaluating PE financial performance, capital structure, corporate governance, risk</p>	X			

Action	2013	2014	2015	Beyond 2015
management etc.				
<p>4. To enable greater public accountability, SOEs will be required to prepare an annual corporate plan in consultation with Shareholder Ministers.</p> <p>The corporate plans will focus on the purpose and corporate outlook of an SOE, and expresses the plans of its management in relation to future financial and non-financial performance.</p>	X	X		<p>These measures are included in the recently-passed SOE Reform Bill.</p>
<p>5. MOF to put in place an improved framework for reporting and oversight of the financial and non-financial performance of the GBE; including reporting and accountability arrangements that facilitate active oversight by the shareholder;</p> <p>Under the accountability framework:</p> <ul style="list-style-type: none"> • SOE management autonomy will be balanced with regular reporting of performance to shareholders; and 	X	X		

Action		2013	2014	2015	Beyond 2015
	<ul style="list-style-type: none"> SOE boards are accountable to shareholders for SOE performance, and shareholders are accountable to Parliament and the public. 				
16. Improved LG Financial Management and Embassies					
1.	Establish Local Administration and Embassy Financial Management Reform Working Group	X			
2.	Put in place the technical platform required to support the implementation of an IFMIS at the LGs and embassies.	X	X		
3.	Put in place national and local government communications platforms required to support connectivity of LG financial management systems across Local Administrations and across the country.	X	X		
4.	Organise LG GFMS implementation teams to undertake IFMIS Certification Training.	X	X		
5.	Organise LG system administrators to undertake systems administration certification training -	X	X		

Action		2013	2014	2015	Beyond 2015
	Database and Network Management Training.				
6.	Design and deliver Advanced Financial Management training program for local administration staff.	X	X		
7.	Enhance capacity in revenue policy and tax administration at LGs	X	X		
17. Improving management of GRMI Embassy Imprest Accounts					
1.	Develop standardized imprest management arrangements, including Embassy financial management systems, procedures and standard forms.	X	X		
2.	All RMI embassies to be trained on new systems, policies and procedures.	X	X		
18. Improved Tax Administration					
1.	Implementation of new taxes (consumption tax, net profits tax, new income tax etc.)	X (TA) Draft bills have been introduced to Nitijela and awaiting passage	X Stakeholders and public consultations undertaken. TA completed tenure, no replacement	X Continued consultations upon request	X Nitijela expected to pass the bills and start the tax reforms
2.	Undertake a complete survey of all RMI taxpayers	X	X	Planning to undertake	Planning to undertake

Action		2013	2014	2015	Beyond 2015
	and businesses	Completed survey for foreign owned businesses (FIBLs)		monitoring of foreign owned businesses (FIBLs)	and complete survey for local taxpayers and businesses
3.	Improved taxpayer registration	X	X	Discussions on how to do this and need for automation	Will carry out improvements as part of tax reforms, once approved
4.	Automation of tax and customs processes	X (TA) IT Strategy prepared by TA	X Discussions with potential IT supplier	Created a simple alternative Excel system before automation	Will pursue full automation once tax reforms approved
5.	Strengthening of tax compliance, tax audit and data matching	X	X	Prepared strategic and operational plans and working to implement them	Will continue implementing, and improving strategic and operational plans
6.	Strengthened tax arrears management	X	X	Prepared strategic and operational plans and working to implement them	Will continue implementing, and improving strategic and operational plans
7.	Introduce an independent tax appeals mechanism	An independent tax appeals	X	X	An independent tax appeals

Action		2013	2014	2015	Beyond 2015
		mechanism was Incorporated in the tax reforms draft bills			mechanism will be available once tax reforms are approved
19. Strengthened Management of Non-Tax Revenue MINISTER					
1.	Establish Non Tax Revenue Unit within MOF.	X	X	Started discussion to be part of Tax and Revenue	Need to finalize the discussion and move forward
2.	Review legal framework for NTR administration, and amend as required.	X	X	Need to request for TA	Should have TA started
3.	Develop NTR Policies and Operating Guidelines.	X	X	X(TA)	Aim to complete
4.	Develop standard forms and systems for NTR decision support, including a database of NTR submissions and decisions.	X	X	X(TA)	Aim to complete
5.	Develop methodologies and systems for costing of NTR activities.	X	X	X(TA)	Aim to complete
6.	Incorporate detailed NTR data into annual budget estimates and monthly forecasting frameworks and systems.	X	X	X(TA)	Aim to complete
7.	Make changes to Accounting and Reporting Framework. Changes will include: - processes and systems for separate classification of the different categories of	X	X	X(TA)	Aim to complete

Action	2013	2014	2015	Beyond 2015
<p>NTRs e.g. commercial goods and services, commercial licences, fines and penalties, cost recovery fees, cost recovery levies etc.</p> <p>- processes for accounting and reporting of each individual NTR fee within each LM; and</p> <p>- processes and systems for production of “activity statements” for each NTR, showing activities undertaken, cost and charges collected, and surplus/deficit for each fee within each LM.</p>				
<p>8. Undertake fundamental review of existing NTRSC in accordance with new NTR Policies and guidelines.</p> <p>The review should include:</p> <ol style="list-style-type: none"> a. Determination of scope of activities within LMs and SOEs to be covered by the NTR. b. Assessment of the cost of the chargeable activities to be covered by the NTR. c. Establish policy intent for NTR. d. Determine funding 	X	X	X(TA)	Aim to complete

Action	2013	2014	2015	Beyond 2015
<p>model for each NTR – including determine scope of services to be charged using CR, levies, fines and penalties, general revenue budget, commercial licences, commercial charges etc.</p> <p>e. Examine case for change in fee structure on basis of cost and policy intent – including efficiency and effectiveness in achieving policy objectives.</p> <p>f. Examine case for abolition of fees.</p> <p>g. Examine case for rationalization of large numbers of small related charges.</p> <p>h. Examine potential for additional NTR bases.</p>				
<p>9. Formulate preliminary proposal for rebased NTR fees across each LM, and projected fiscal impact. Prepare formal NTR statements for each LM.</p>	<p>X</p>	<p>X</p>	<p>X(TA)</p>	<p>Aim to complete</p>

Action		2013	2014	2015	Beyond 2015
10.	For each NTR fee, determine how the recommended adjustment should be implemented e.g. immediately, or phased in over several years.	X	X	X(TA)	Aim to complete
11.	Submit fundamental NTR review and price adjustment plan to Cabinet for approval.	X	X	X(TA)	Aim to complete
12.	Design and deliver NTR Reform Communications and Training Strategy.	X	X	X(TA)	Aim to complete
13.	Review whether special revenues should lapse at year-end	X	X	X(TA)	Aim to complete
14.	Review revenue sharing arrangements with LMs.	X	X	X(TA)	Aim to complete
20. Improved Debt Management					
1.	Development of public debt policy and management framework	X (TA)			
2.	Undertake debt sustainability analysis	X(TA)	X	X	
3.	Closer linkage of debt management with forecasting and accounting processes.	X			
21. Strengthened management of trust funds and other managed financial investments					
1.	Undertake review of asset allocation strategy, policy and practice.			Trust Fund Committee and Administrator in place and	X (TA)

Action		2013	2014	2015	Beyond 2015
				active.	
2.	Review financial performance of the managed funds.				X
3.	Implement improved managed framework.				X
22. Improved management of contingent liabilities					
1.	Review of policy on contingent liabilities, including loan guarantees to LGs and SOEs, and issuance of indemnities.	X (TA)			
2.	Strengthened registration and control of contingent liabilities.	X			
3.	Assessment of insurable Government risks and development of policy on insurance of risks.	X			
23. Review of Social Security Framework					
1.	Conduct actuarial review of demographic and associated liability forecasts and valuations.		X (TA)		Reform Bill will be reconsidered after seating of new parliament in January, 2016.
2.	Conduct actuarial review of asset forecasts and valuations.		X (TA)		

Action		2013	2014	2015	Beyond 2015
3.	Formulate reform options for improving the financial position of the social security system over time.		X(TA)		
24. Establish Internal Audit function					
1.	Establishment of an internal audit function, including performance auditing		X	Currently seeking funding and or TA/support in this area.	
2.	Establish internal audit charter, establishment of IA Unit, risk management approach, audit program setting, audit committee, reporting, follow-up, produce IA procedures manual etc		X	X	
25. Strengthened External Audit Function					
1.	Strengthen independence of external audit (strengthen MOF capacity in accounting and financial report production to allow external audit to function independently of GRMI management processes).	X			
2.	Gradually increase institutional scope of Auditor General's audit program	X (TA)	X (TA)	X	X
3.	Further development of the Audit Office performance audit program	X	X	X	X

Action	2013	2014	2015	Beyond 2015	
26. Strengthen oversight by Public Accounts Committee					
1.	Improved effectiveness of the Public Accounts Committee, including hearings and reports on agency compliance, financial sustainability and efficiency and effectiveness of service delivery.	X (TA)	X (TA)	X	X
2.	Establish full-time PAC Secretariat function. Tasks will include planning and supporting an annual program of regular PAC inquiries into the Government's PFM framework and performance by LMs. The new secretariat could be initially supported by an attachment from an experienced PAC secretariat officer.				
27. Quarterly follow-up of IA, EA and PAC recommendations					
1.	Establish secretariat within MOF to support the Audit Findings Resolution Committee.	X			
2.	Quarterly follow-up by MOF of recommendations of internal audit, external audit and PAC	X	X	MOF has hired consultants and is seeking added short-term TA to assist in this	

Action		2013	2014	2015	Beyond 2015
				area.	
28. Improved Aid Coordination					
1.	Improved integration of donor project planning and project commitments with central planning and budget processes.	X			
2.	Improved monthly capture of donor planned projects, commitments and disbursements, including direct payments and in-kind projects	X	X	Problems with unidentified revenue have been targeted for action.	
3.	Provide a legal mandate through the revised PFM legislation for MOF central coordination of donor projects and funding.	X			
29. PFM Reform Project Governance					
1.	Establish PFM Reform Program Steering Committee.	X	X	X	X
2.	Establish full-time dedicated Project Manager for the PFM Reform Program.	X	X	X	X
3.	Establish Component Working Groups, and Component Implementation Teams.	X	X	X	X
4.	Put in place independent Quality Assurance arrangements	X	X	X	X

Action		2013	2014	2015	Beyond 2015
5.	Put in place structures, methodologies and processes for the efficient and effective planning, coordination, oversight and management of the PFM Reform Program	X	X	X	X
6.	Monthly reporting by Project Manager to Steering Committee of overall progress against project targets	X	X	X	X
7.	Monthly reporting by Component team leaders to Component Working Groups of achievement against project targets.	X	X	X	X
8.	Quarterly assessment and reporting by the independent quality assurance expert.	X	X	X	X
30. PFM Reform Communications and training					
1.	Design and implementation of a PFM Reform Program communications and training strategy	X	X	X	X
2.	Establishing Communications Unit	X	X	X	X
3.	Producing key PFM publications and materials	X	X	X	X
4.	Engage key stakeholders at political and executive levels	X	X	X	X

Action		2013	2014	2015	Beyond 2015
5.	Engaging senior staff at MoF and line ministries	X	X	X	X
6.	Raising awareness more broadly of PFM program: objectives and plans: LMs, LGs, Civil Society, donors, media.	X	X	X	X
7.	Conducting workshops and seminars progressively through implementation period	X	X	X	X
8.	Designing and updating MoF Website page on PFM Reform Program plans and progress	X	X	X	X