

## **Finance Capacity Check**

A toolkit to assess the delivery of finance in federal departments and agencies

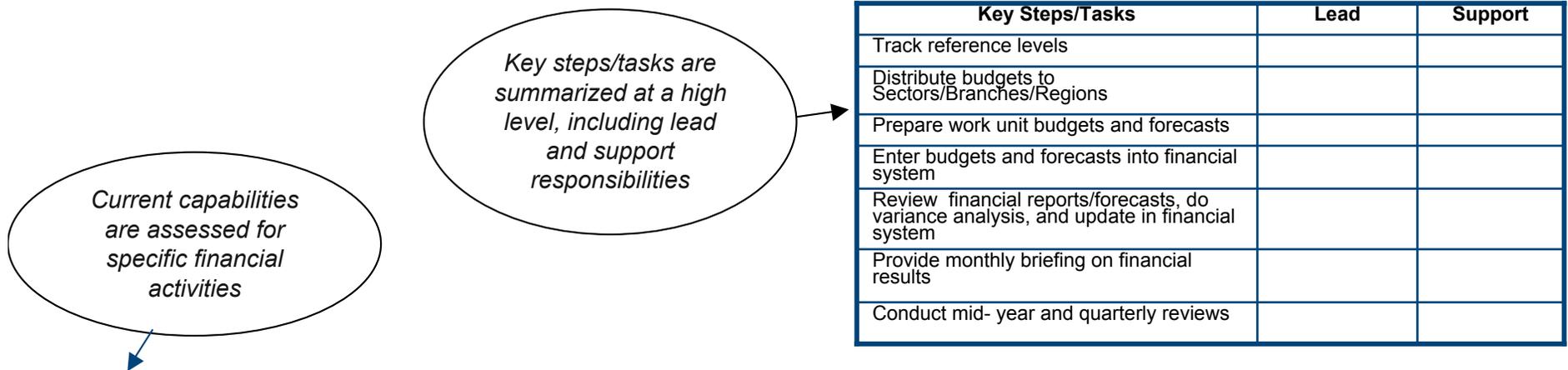
(aligned with the Management Accountability Framework)

Kelly Sears Consulting Group has developed a tool to help government departments and agencies assess their financial capabilities and practices at an organization-wide level. The objectives of this assessment tool are to:

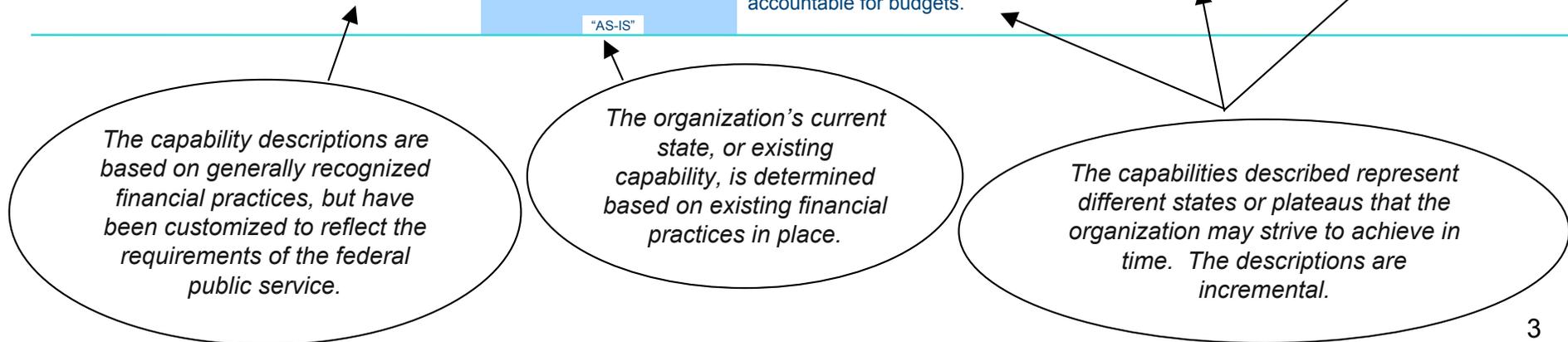
- ❑ Document the existing methods of financial delivery within the department/agency.
- ❑ Identify opportunities to improve the delivery of financial functions.
- ❑ Identify major gaps relative to departmental and government-wide guidelines and policies.

Typically, the information needed to conduct the assessment is collected through interviews and/or workshops with managers within the department/agency.

# The mechanics of the tool—how it works



ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Budgeting and forecasting</i>	Managers receive funding levels and budgets late in the fiscal year. Budgets are not related to plans and priorities. Forecasts are not considered to be reliable. Instances of overspending or lapses.	Some managers periodically monitor expenditures against budgets. Others do not. Forecasts are reviewed regularly, but are not always up-to-date. Finance maintains control over reference levels, budgets and forecasts. Systems are in place to control overspending.	Higher level budgets are available early in the fiscal year. Managers monitor expenditures against budgets on a monthly basis. Forecasts are challenged regularly and are up-to-date. Quarterly and mid-year review processes are in place. Limited lapses in funding. Managers are fully accountable for budgets.	Budgets are available at all levels of the organization early in the fiscal year. Budget allocations are closely aligned with business plans, and are adjusted quickly to reflect changing priorities. Forecasts are generally reliable.	Managers have access to budgets and forecasts on a real time basis. Managers are constantly updating forecasts to reflect changing circumstances.



# Financial processes and activities (aligned with MAF)

KELLYSEARS

MAF Element	Finance Activities
Governance and Strategic Directions	Financial planning & analysis <i>Assessing funding needs, resource allocation, financial review and challenge of TBS submissions and new proposals, business case analysis, development of the ARLU, establishing fee schedules and cost recovery policies.</i>
Citizen-focused service	Financial advice <i>Advice and support to managers, assembling and analyzing financial information, advice on interpretation of financial policies and procedures.</i>
Stewardship	Budgeting and forecasting <i>Management of appropriations, lapses, carry-overs. Establishing/updating revenue &amp; expenditure plans, forecasting revenues &amp; expenditures throughout the year, and in-year expenditure management.</i>
	Internal financial reporting <i>Monthly and quarterly financial reporting, assisting in interpretation of reports, improving access of managers to financial information, analysis of variances.</i>
	Salary management <i>Budgeting and forecasting salary costs, and administering salary costs.</i>
	Asset/ liability management <i>Maintaining financial control over inventories, capital assets, and other assets as appropriate; valuation of assets. Applying accrual accounting principles.</i>
	Payment processing <i>Making commitments and initiating expenditures (FAA Section 32), approving and recording all financial obligations against budget. Payment requisitions and certification of performance (FAA Section 34). Exercising payment authority, verifying and approving payment (FAA Section 33).</i>
	Revenue collection <i>Preparing invoices, billing, collecting and recording revenues. Preparing interdepartmental settlements.</i>
	Expenditure accounting <i>Verify accounts information. Validate and reconcile departmental accounting records between departmental and branch systems. Preparing journal vouchers. Managing chart of accounts.</i>
Risk Management	Monitoring <i>Assessment of financial risks. Pro-active monitoring of application of financial policies, processes and transactions. Establishment of financial controls. Post-audit (e.g., quarterly post-audit account verification).</i>
Accountability	Financial responsibilities <i>Clarity and awareness of responsibilities, working relationships between specialists and managers.</i>
	Maintain financial authorities <i>Maintaining and distributing financial signing authorities, and monitoring use of authorities.</i>
	External financial reporting <i>Preparation of audited financial statements of revolving funds, financial input to RPP and DPR..</i>
People	Competencies <i>Competency profiling, accreditation, HR planning for the financial community.</i>
	Financial training <i>Providing managers and financial specialists training and development in financial management.</i>
Learning, Innovation and Change Management	
Public Service Values	
Policy and Programs	Financial policy <i>Develop financial policies, principles and standards; and advice in the interpretation and application of policies..</i>
Results and Performance	Operate and maintain financial systems <i>Operating and maintaining departmental financial systems and branch financial systems, including improvements. Providing tools (e.g., MRM) to access and analyze financial information.</i>
	Financial performance measurement <i>xxxxxxx</i>
	Costing <i>Costing and analysis of products, services and activities. Activity-based costing models. Allocation of overhead costs.</i>

# Financial planning and analysis

## FINANCIAL PLANNING AND ANALYSIS

*Assessment of funding needs, assessing resource implications of new programs or services, financial review and challenge of TBS submissions and new proposals, business case analysis.*

Interview Guide
<ul style="list-style-type: none"> <li>What is the process for allocation resources within the department? Is the process working effectively?</li> <li>What are the capabilities of the organization in business case analysis? Is there a methodology in place? Have managers been trained?</li> <li>Who is responsible for tracking departmental/branch funding reference levels? Who prepares the ARLU?</li> <li>Is an analysis done of revenues and costs on a client/service/product basis?</li> <li>To what extent are financial advisors involved in financial planning and analysis in support of line organizations?</li> </ul>

Key Activities	Lead	Support
Establish branch/regional priorities and plans		
Carry out business case analysis for new projects/initiatives		
Prepare revenue/cost projections by client/product		
Prepare TBS submissions		
Track changes in reference levels		
Prepare ARLU		
Distribute budgets within Sector/Branch		

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Financial planning and analysis</i>	Resource levels are adjusted on an incremental basis from year to year. Managers conduct own business case analysis.	Resource levels are reviewed periodically through program and other funding reviews. There is a clear process for resource allocation. Business case analysis is subject to a challenge.	A-base resources are linked to business plans. Business case analysis is done for new projects /program changes on a uniform basis. A resource allocation model is in place. Specialists are available to conduct in-depth business case analysis. <small>"AS-IS"</small>	Managers are trained in business case analysis. Specialists are available to conduct business case analysis, including projections, costing, pricing. Specialists provide assistance in identifying sources of funding.	Business case analysis is carried out with latest techniques and tools. Resources are adjusted on an ongoing basis in line with plans, priorities and external market conditions.

## FINANCIAL ADVICE

*Budgeting assistance, providing advice and support to managers, assembling financial information, reviewing submissions, challenging and analyzing.*

Interview Guide
<ul style="list-style-type: none"> <li>▪ What is the scope of financial advice provided to line managers?</li> <li>▪ To what extent are financial advisors part of the senior management team?</li> <li>▪ To what extent are financial advisors providing managers strategic financial advice?</li> <li>▪ To what extent are financial advisors providing a challenge function?</li> <li>▪ To what extent are financial advisors an integral part of operations?</li> </ul>

Type of Financial Advice/Support	Lead Advisor	Level of Finance Support
Budgeting, forecasting and reporting/variance analysis		
Advice on financial policies and procedures (e.g., hospitality)		
Handle external central agency requirements		
Cost analysis		
Finding sources of funding		
Resource allocation within Branch		
Revenue/cost projections by client or product		
Business case analysis support for new initiatives		
Strategic financial advice for senior management		

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Financial advice</i>	Role of specialists is primarily transaction processing. Service is reactive.	Main focus is on financial reporting. Financial advisors are highly involved in preparing variance analysis. Some strategic advice and challenge function are provided. Level and type of service varies.	Managers are receiving coaching and training in financial management. Finance works closely with business managers to understand financial risks. Financial specialists are part of executive team.  "AS-IS"	Financial advisors are senior members of the management team, and provide advice on new program initiatives/ changes. Finance is involved in conducting business case analysis. Specialists are very familiar with the operations.	Specialists work in close partnership with line managers and are seen as added-value. Specialists are proactive in suggesting new tools and techniques to managers.

# Budgeting and forecasting

## BUDGETING AND FORECASTING

*Establishing/updating revenue & expenditure plans, forecasting revenues & expenditures throughout the year, and ensuring appropriation and allotment limits are not exceeded*

### Interview Guide

- What is the process for budgeting and forecasting?
- Are budgets distributed to managers in a timely manner?
- Are budgets aligned with unit work plans and priorities?
- How reliable are the forecasts? Are responsibilities clear for updating forecasts?
- What has been the experience of the organization regarding funding lapses?
- What is the process for in-year re-allocations? How frequently are status reviews made?

Key Activities	Lead	Support
Track reference levels		
Distribute budgets to sectors/branches/regions		
Prepare work unit budgets and forecasts		
Enter budgets and forecasts into financial system		
Review financial reports/forecasts with line managers, do variance analysis, and update in financial system		
Provide senior management monthly briefing on financial results		
Mid- year and quarterly reviews		

## ACTIVITY

### Limited

### Developing

### Norm

### Best Practice

### World Class

#### *Budgeting and forecasting*

Managers receive funding levels and budgets late in the fiscal year. Budgets are not related to plans and priorities. Forecasts are not considered to be reliable. Instances of overspending or lapses.

Some managers periodically monitor expenditures against budgets. Others do not. Forecasts are reviewed regularly, but are not always up-to-date. Finance maintains control over reference levels, budgets and forecasts. Systems are in place to control overspending.

Higher level budgets are available early in the fiscal year. Managers monitor expenditures against budgets on a monthly basis. Forecasts are challenged regularly and are up-to-date. Quarterly and mid-year review processes are in place. Limited lapses in funding. Managers are fully accountable for budgets.

"AS-IS"

Budgets are available at all levels of the organization early in the fiscal year. Budget allocations are closely aligned with business plans, and are adjusted quickly to reflect changing priorities. Forecasts are generally reliable.

Managers have access to budgets and forecasts on a real time basis. Managers are constantly updating forecasts to reflect changing circumstances.

# Internal financial reporting

## INTERNAL FINANCIAL REPORTING

*Preparing internal financial reports, assisting managers in interpreting financial reports.*

### Interview Guide

- Who is responsible for producing internal financial reports?
- To what extent do managers have access to financial reports from their desktop?
- Do managers have tools to do analysis of the financial reports? What “drill-down” capability exists?
- To what extent are the financial reports integrated with other corporate systems (e.g., HR, asset management)?
- To what extent are the financial reports linked with operational business information?
- To what extent is financial reporting standardized across the organization?
- To what extent are the financial reports considered to be reliable?
- How useful are the financial reports for decision-making?
- To what extent are managers maintaining separate “black book” systems separate from the departmental financial reports?

Process Steps	Lead	Support
Input/maintain budgets in financial system		
Prepare monthly financial reports and analysis		
Review financial reports		
Review forecasts and update monthly in financial system		
Brief senior management on financial results		

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Internal financial reporting</i>	Standard reporting from financial accounting system with little flexibility. Commentary on results prepared solely by finance. Persistent problems with data accuracy, which lead managers to maintain parallel “black book” systems.	Mostly hard copy reporting with limited on-line access. Data integrity is sometimes an issue. Detail to support high level information is not readily accessible. Finance prepares commentary on results with limited input from operational staff. Limited systems integration.	Managers have web access to financial reports as required. Consistent reporting formats. Reporting frequency and information meet managers’ needs. Data availability and accuracy are seldom an issue. Managers have strong sense of ownership of financial information. <small>*AS-IS*</small>	Fully integrated on line, real time systems with flexible reporting. Interfaces exist between financial, HR, salary management, and asset management systems. Information is up-to-date. Reporting systems are linked to allow drill-down to appropriate level of detail and “what if” analysis.	Managers can access up-to-date financial information at any time (e.g., daily). Interfaces exist between financial management and business systems of the department. Financial information is considered to be a corporate asset, and is fully transparent across the organization.

**SALARY MANAGEMENT**  
*Budgeting and forecasting salary costs, administering salary costs.*

Interview Guide
<ul style="list-style-type: none"> <li>▪ Who is responsible for updating the salary forecast information?</li> <li>▪ Is the salary forecasting system integrated with the financial information system? What interfaces exist?</li> <li>▪ Is salary forecasting linked with HR and business planning?</li> <li>▪ Is the salary forecast information up-to-date? What is the overall level of accuracy?</li> </ul>

Step	Who
Monitor employee time and attendance	
Report time spent on activities/projects	
Provide information on staffing plans and staff changes	
Maintain and update salary-related data	
Update salary forecast information and input into system	

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Salary management</i>	No salary management system. Salary forecasts are input directly into financial system. Salary forecasts are often not reliable.	Salary management system is in place to forecast salary costs. No automated interface exists between salary forecasting system and financial system. Staff changes are transmitted manually to financial staff who update information in salary forecasting system	Managers and/or administrative staff are easily able to update salary forecasts based on upcoming staff changes. Salary forecasts are generally accurate. Automated interface exists between salary forecasting system and financial system. Some lag in recording staff changes. <small>*AS-IS*</small>	Salary forecasts are updated based on latest HR plans prepared by business managers. Salary forecasting is part of overall financial system. Salary forecasts are generally accurate. Salary costs are up-to-date with staff changes.	Salary forecasts are closely linked to HR planning, business planning and are a key element of long range planning for the organization.

## ASSET AND LIABILITY MANAGEMENT

*Asset planning and controls, capital replacement, asset valuation*

### Interview guide

- Who is responsible for maintaining the asset inventory up-to-date?
- Is the asset information system linked or integrated with the financial information?
- Is a methodology in place for determining capital replacement costs?
- Is information on asset management and procurement integrated?

Tasks	Lead	Support
Asset inventory management		
Maintain asset service standards		
Prepare long term capital plan/projects		
Determine accounting treatment and valuation of assets		
Ensure proper accounting treatment of assets and liabilities		
Determine depreciation costs		
Determine overall lifecycle replacement costs		
Reconcile asset information with financial information (as appropriate)		

## ACTIVITY

### Limited

### Developing

### Norm

### Best Practice

### World Class

*Asset/liability management*

Records of assets are maintained. Information on the asset inventory is not up-to-date.

Assets are accounted for on an accrual basis according to GAAP/FIS. Asset replacement cycles have been established. Up-to-date information is available on the asset inventory and the value of the assets.

"AS-IS"

Depreciation costs are well known. A lifecycle approach is taken to determining the funding level required to sustain the assets. Asset management and financial systems are linked.

Assets are replaced in a timely manner so as to minimize lifecycle costs and minimize "rust-out". Close integration exists between asset inventory, procurement, and financial systems.

Business managers review asset values and costs as part of financial reports. This information is used for decision-making. Asset lifecycle costs are decreasing.

# Payment processing

## PAYMENT PROCESSING

*Commitments (FAA Section 32), verifying and approving payment (FAA Section 34), and exercising payment authority (FAA Section 33)*

Interview Guide
<ul style="list-style-type: none"> <li>What processes are in place?</li> <li>What quality assurance measures are in place?</li> </ul>

Process Steps	Who
Commit expenditure (FAA Sec 32), and attests that funds are available	
Data entry of commitment into financial system	
Direct invoices received from suppliers	
Acknowledge receipt of good/service, authorize payment and schedule (FAA Sec 34)	
Do data entry for Section.34	
Prepare cheque requisitions	
Authorize release of cheques (on batch basis) Section 33	
Update payment information in financial system	
Issue cheque	
Maintain supplier files up-to-date	

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Payment processing</i>	High manual intervention required. Commitment and payment information is not up-to-date. Inconsistent coding of expenditures.	Managers have authority to make commitments and certify payments. Information is input centrally. Managers have inconsistent understanding of significance of Sections 32 and 34 of FAA. Rate of non-compliance to policies is not considered acceptable.	Managers or administrative staff input commitments and payment data into financial system on a timely basis. Payment data is up-to-date. Managers are aware of their responsibilities. Some non-compliance against policies. Coding is consistent.  "AS-IS"	Managers can provide electronic authorization. Technology is used to track accounts that require follow-up. Electronic notification of delivery of goods and services. Practices are fully compliance to policies.	A high proportion of payments are processed on an electronic basis.

## REVENUE COLLECTION

*Billing, collecting and recording revenues; preparing journal vouchers and interdepartmental settlements.*

Interview Guide
<ul style="list-style-type: none"> <li>▪ Who is responsible for establishing/maintaining fee schedules?</li> <li>▪ Are invoices for clients issued on a timely basis?</li> </ul>

Process Steps	Lead	Support
Establish fee schedules and cost recovery targets		
Prepare invoice for client		
Input invoice information into financial information system		
Monitor aging of receivables		
Produce revenue statements for client departments		
Settlements with client departments		
Collection		
Make provision for doubtful accounts		
Develop client credit policy		

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Revenue collection</i>	Inconsistent billing practices across the department. Client billing is not up to date. Limited tracking of status of collections. Revenues in financial system do not correspond to services provided.	Clients are billed centrally based invoice information provided by business managers. Significant manual intervention is required. Services are not always billed in a timely manner. Collections are tracked on an inconsistent basis.	Managers and/or administrative staff input invoice information in financial system. Use automated remittance (e.g., electronics fund transfer between departments). Services are billed in a timely manner. Revenue information is generally up-to-date. Technology is used to track accounts that require follow-up.	Clients are invoiced automatically based on billing information in electronic system. Little or no time lag between client billing and provision of services. Revenue information in financial system is always up-to-date. Revenues are collected within brief time. Clients receive integrated invoice.	xxxxx

"AS-IS"

## EXPENDITURE ACCOUNTING

*Reconciling information in financial system and other business systems; maintaining the Chart of Accounts; and coding transactions in a consistent manner.*

### Interview Guide

- Is the departmental chart of accounts performing satisfactorily?
- Are expenditures coded on a consistent basis?
- What training is provided in expenditure accounting?

Activities	Who
Manage Chart of Accounts	
Conduct reconciliations and adjustments between financial system and branch business system	
Provide advice on application of departmental Chart of Accounts and financial coding structure	

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Expenditure accounting</i>	Chart of accounts is outdated. Expenditures are coded inconsistently. No links between branch and departmental financial systems.	Inconsistent coding practices. A lot of reconciliation is required between departmental and branch financial systems. Extensive use of "black book" systems. Information in departmental system is often inaccurate or out-of-date. Limited interfaces between financial and business systems.	Chart of accounts is up-to-date and easily understood. Managers are familiar with the coding structure. Consistent coding of revenues and costs. Consolidation of expenditures by type requires little manual intervention. Seamless interface exists between departmental and branch financial systems. Ability to do accrual accounting.	Single integrated financial and business system. Single input of financial information. Department is easily able to track expenditures by type at a departmental level.	Chart of accounts can be easily updated to reflect new business needs.

"AS-IS"

## MONITORING

*Risk management, control management, post-audit of financial transactions and processes.*

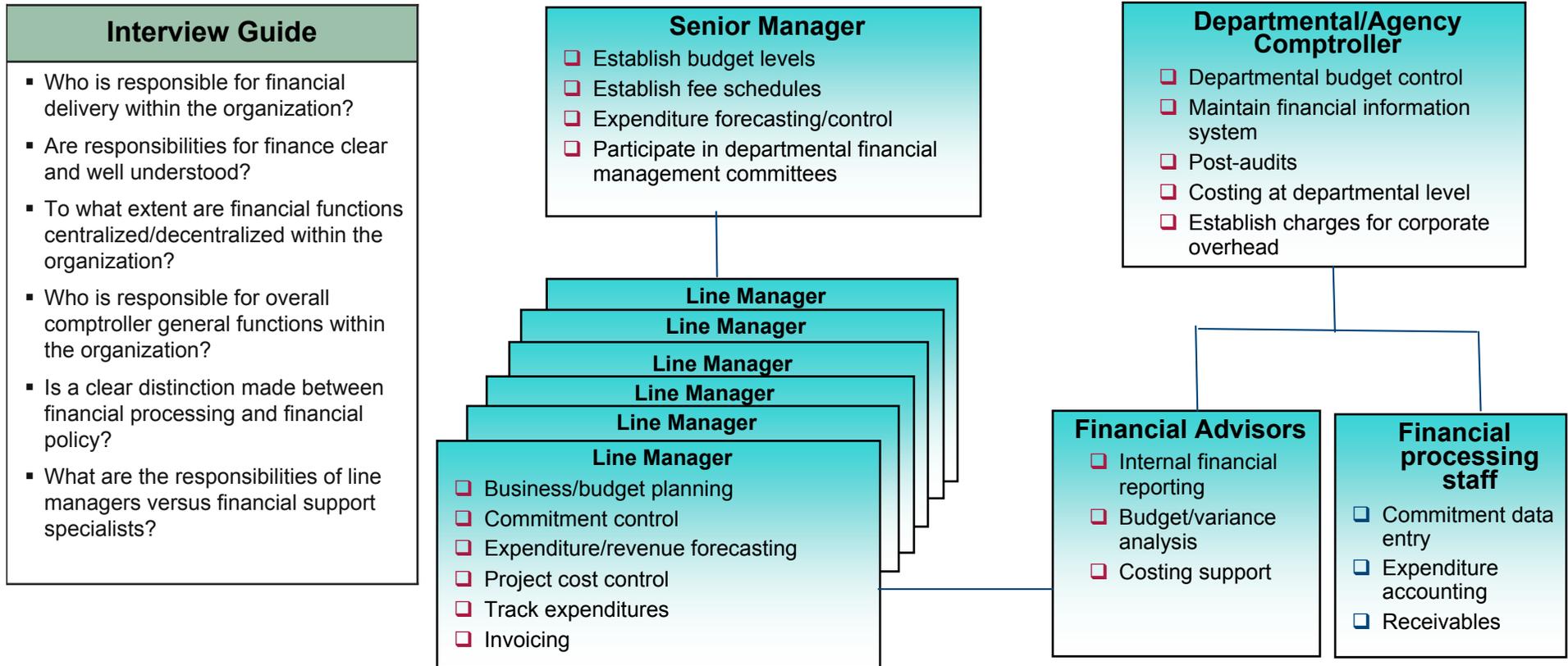
Interview Guide
<ul style="list-style-type: none"> <li>What monitoring is currently carried out?</li> </ul>

Step	Who
Determine verification sample for post-audits of payments	
Conduct quarterly post-audit verification of transactions	
Follow-up on specific issues identified in branch	

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Monitoring</i>	Transaction controls are largely paper-based. Limited controls exist on payments, revenues, fixed assets.	Systems are in place to control overspending, manage accounts receivable and assets. Limited monitoring is done.	Controls are regularly reviewed as to risk (potential benefit or amount of exposure to loss). Level of monitoring corresponds to risk levels. Post-audit verification is done on a sample basis at a department-wide. Internal audit has reviewed controls from a quality assurance perspective.	Financial controls are in place and fully integrated. Controls are built into, not onto processes. Controls are regularly reviewed as to risk. Processes are in place to ensure that corrective action is taken. Managers are fully aware of risks. Compliance levels are high.	Controls are integrated as part of an integrated control framework. Control framework is closely related to risk management.

"AS-IS"

# Financial responsibilities



ELEMENT	Limited	Developing	Norm	Best Practice	World Class
<i>Financial responsibilities</i>	Financial responsibilities are not well understood by managers. Decision-making is slow and bureaucratic.	Some confusion/overlap exists as to responsibilities and accountabilities. Some friction exists in working relationships between specialists and managers. Policy and transaction functions are not clearly delineated.	Responsibilities are clear and aligned with the organization's objectives. Managers understand financial responsibilities. Accountability issues are resolved quickly. Relationships between specialists and managers are working well. "AS-IS"	Organization structure adapts quickly to changes in external environment. Strong comptrollership role within the organization.	xxxx

## MAINTAIN FINANCIAL AUTHORITIES

*Maintaining financial signing authority records, and monitor use of authorities*

### Interview Guide

- What mechanisms are in place to update financial authorities?
- How frequently are authorities updated?

Process Steps	Who
Maintain financial authorities within branch	
Coordinate updates of financial authorities in Branch	
Certify that financial delegations are up-to-date (yearly)	
Provide managers training in financial authorities	

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Maintain financial authorities</i>	Financial authorities are not up-to date. Managers are not familiar with their authorities.	Financial authorities are updated regularly. Managers are aware of their financial authorities.	Financial authorities are updated regularly. Managers are aware of their financial authorities. Training is provided on financial authorities. "AS-IS"	Financial authorities are available electronically, so that financial staff can easily verify signature when processing payments. Financial authorities are easily updated and customized to experience of each manager. Financial authorities are withdrawn in case of poor compliance.	xxxx

## EXTERNAL FINANCIAL REPORTING

*Preparations for external financial audit of revolving fund; and providing financial input into external reports such as RPP, DPR and ARLU.*

Interview Guide
<ul style="list-style-type: none"> <li>▪ Who is responsible for managing the relationships with external audit firms (in the case of external audited statements)?</li> <li>▪ Is financial information available on an accrual basis?</li> <li>▪ Is the responsibility for providing financial input into external reports clear?</li> <li>▪ To what extent is senior management engaged in reviewing external financial reports?</li> </ul>

### External audited statements

Process Step	Lead
Prepare for external auditing of financial statements	
Manage relationship with external audit firm	
Issue year-end instructions to business managers	
Coordinate preparation of financial data for business lines	
Audit financial statements	External accounting firm
Approve financial statements	

### Other external reports

External Financial Reports	Who
Provide input into ARLU	
Provide financial input into RPP and DPR	
Departmental financial statement (for TBS)	
Public Accounts	

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>External financial reporting</i>	Considerable effort is required to provide the information required for the external financial statements. Principles of accrual accounting are not well understood.	Financial specialists provide financial information as part of standard external reports such as ARLU, RPP and DPR. Financial specialists provide information required for external audited reports for revolving funds. Some disagreements exist over treatment of costs.	The organization is able to provide the information necessary for the external audit. Financial information is available on an accrual basis as per general accounting standards. External audited reports are prepared on a timely basis. "AS-IS"	Line managers are familiar with the information required for the external audit report. Financial reports are reviewed closely by senior management.	External stakeholders (e.g., Parliamentarians) are actively engaged in reviewing the external reports and provide positive feedback.

# Competencies of groups providing financial support in branch

Interview Guide
<ul style="list-style-type: none"> <li>▪ What is the level of competencies of financial staff?</li> <li>▪ What is the level of accreditation of financial staff?</li> </ul>

CAPABILITY	Limited	Developing	Norm	Best Practice	World Class
<i>Competencies</i>	High turnover rate. Only a few staff have an educational background in financial management. Financial work experience varies. Staff have limited knowledge of the department. Few staff have accounting designations.	Staff have extensive work experience in finance. Only a few staff have an accounting designation, or educational training in finance.	All financial staff have work experience and an educational background in financial background. A number of staff have an accounting designation, or are seeking accreditation. Financial staff have taken government training in finance. Financial specialists are familiar with the department. "AS-IS"	All staff have strong work experience in finance. Most staff have an educational background in finance. The majority have an accounting designation. Staff are continuously upgrading their financial skills through external training.	A high proportion of staff have accounting designations.

## FINANCIAL TRAINING

*Financial training for financial specialists and business managers.*

### Interview Guide

- What financial training is provided to managers?
- What financial training is provided to financial staff?

Type of Financial Training	Whether provided	Design	Delivery	Audience
Manager orientation to finance				
Business case analysis				
Budgeting and forecasting				
Financial rules and policies (e.g., financial authorities, hospitality, memberships)				
Commitment control				
Financial operations (e.g., chart of accounts)				
Accrual accounting				
Year-end accounting for external audited reports				
Salary forecasting system				
Training on financial systems				

## ACTIVITY

### Limited

### Developing

### Norm

### Best Practice

### World Class

*Financial training*

Little or no financial training is available.

Training is provided to financial specialists from government-wide programs. Managers receive training in specific areas (e.g., commitments). Financial training is provided as part of orientation program for new managers.

"AS-IS"

Financial training needs are regularly assessed. Business managers receive consistent department-wide financial training. Managers are fully aware of their responsibilities. Financial specialists receive latest training in financial techniques. Capability exists to deliver training.

Financial training is customized to the needs of each organization. Business managers receive customized financial training specific to their business operations. Strong delivery capability exists.

Financial training is closely integrated with continuous learning culture within department. Business managers and financial specialists are continuously upgrading their skills.

**Policy**

*Policy development, advice on interpretation and application of policies.*

Interview Guide
<ul style="list-style-type: none"> <li>What process is in place for rolling out new financial policies?</li> </ul>

Process Steps	Lead	Support
Establish policies to be updated		
Establish team to participate in development of specific policy		
Develop/update policy		
Communicate policy change		
Provide training on policy change		

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Policy</i>	Financial policies are not well known by business managers. A number of policies are out-of-date. Information on policies is not easily accessible.	Level of knowledge of financial policies is inconsistent across department. Not all policies are up-to-date. A plan exists for updating financial policies based on highest risks.	Most critical financial policies are up-to-date. A clear process exists for updating policies and communicating policy changes. Stakeholders are fully engaged in the development of new policies. Business managers and financial specialists are provided training on new policies.	Financial policies are all up-to-date. Policies are easily accessible by managers from their desktop. Policies are customized to the requirements of each organization.	Policies are changed to reflect new business needs of the department. Financial policies are closely integrated with the overall control management framework. Financial policies are linked to the business policies of the branches.

"AS-IS"

# Operate and maintain financial systems

## OPERATE AND MAINTAIN FINANCIAL SYSTEMS

*Maintaining/ improving financial systems, integrating corporate and branch business systems containing financial information*

### Interview Guide

- How well is the financial system operating?
- What linkages exist between the financial system and other corporate systems?
- What linkages exist between the financial system and departmental operating systems?

Activity	Who
Input information in financial information system	
Provide system support (e.g., training, user support, testing of new system releases)	Fin Ops Systems
Maintain information in Salary Management System (SMS)	FMA groups
Maintain information in Branch systems	Bus Mgrs
Development of reporting tools	Fin Ops Systems
Development of interfaces between financial system and branch business systems	Fin Ops Systems

## ACTIVITY

### Limited

### Developing

### Norm

### Best Practice

### World Class

#### *Operate and maintain financial systems*

Work units maintain “black book” systems. Financial information in departmental system is not always up-to-date or reliable. A lot of time is spent reconciling information from different systems. Delays in accessing information because technology capacity.

Financial information is obtained from different sources (e.g., dept., branch financial and business systems). Departmental financial system is not user-friendly. Reconciliation problems still exist between financial and financial information in the business systems. Still considerable duplication of data entry.

Single data input of financial information. Departmental and branch business information systems are fully integrated. Financial information is available from a single source at various levels of detail. Information in financial systems is generally accurate. Business managers are able to access information.

“AS-IS”

Single enterprise-wide financial system. “Drill-down” capability exists. Financial information is available at any time and is up-to-date. Managers are using user-friendly reporting tools (e.g., MRM, Impromptu). System has fast response. User problems are resolved quickly.

Financial and business information is fully integrated. Managers are able to do “what if” analysis. System can accommodate changing business needs. New branches can be quickly integrated into financial system.

## COSTING

*Costing analysis of products and services, activity-based costing.*

Interview Guide
<ul style="list-style-type: none"> <li>▪ To what extent is cost information available for specific activities, services, clients or service delivery channels?</li> <li>▪ To what extent is cost information used in support of planning, performance reporting and decision-making?</li> <li>▪ Are costing tools and methodologies available to managers to assist them with their costing activities?</li> <li>▪ To what extent are cost models in place to support cost recovery?</li> <li>▪ To what extent is cost information collected and analyzed on a consistent basis across the organization?</li> </ul>

Types of Costing Activities	Lead	Support
Input time spent by activity		
Conduct review of costs at organization-wide level (e.g., A-Base Review)		
Conduct local costing analyses (e.g., by service, client, service delivery channel)		
Maintain cost models for cost recovery		
Maintain activity-based costing models		

ACTIVITY	Limited	Developing	Norm	Best Practice	World Class
<i>Costing</i>	Traditional object-based approach to maintaining cost information exists, e.g., salaries, O&M.	Cost information is available at the program level. The accounting coding structure reflects the organization and its activities.	Cost information is available at the activity level, and is used selectively, e.g., for planning and performance reporting. Time spent by employees by activity is tracked. <small>"AS-IS"</small>	Costing systems are in place that trace costs from resources (salaries, O&M) to activities, and then from activities to specific services, outputs, clients or distribution channels.	Costing information is used for a wide range of decisions (e.g., outsourcing, cost recovery).