

Appeal 2002-2003



International Federation
of Red Cross and Red Crescent Societies

FINANCIAL DEVELOPMENT (Appeal 01.70/2002)

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2002
In CHF
Total 1,325,528

Introduction

Background and progress/achievements to date

The goal of this global programme is to develop the financial management capacity of the Federation's delegation operations. By developing, co-ordinating and implementing the necessary knowledge to the target audiences, the combined skills of the movement will be enhanced, thus ensuring a more effective and efficient use of donor funds. This programme is a continuation of previous initiatives to enhance financial management through the use of tools and skill development.

International humanitarian assistance has greatly increased over recent years both in scope and complexity. The landscape of the industry has moved in a manner and at a speed not unlike other sectors, be they commercial or government. The pressure for the Federation to maintain standards and provide accountability at a level expected of our donor partners has not diminished and continues unabated. The Federation and its Delegations need to not only deal with the day to day business of humanitarian aid but also maintain control and development within the organization. The types of resources available to the organization are not unique, it is how financial resources are deployed that is the challenge. The Federation needs to maintain its edge in providing to our donors and their partners, private or government the quality of financial reporting that the industry as a whole has come to demand. This quality needs to permeate through all avenues of the Federations operations and involves all individuals that are exposed to the control and use of financial resources.

In the latter part of 1999 and through 2000 the Federation implemented a new version of its CODA financial system in the Secretariat and rolled out the system to Delegations. There is now an acceptance to increase the scope of the CODA operating system to ensure that it is available to all operations, whether they are able to access via the web or as stand alone operations. The development is also in-line with refining the system so that it is readily available for use in sudden on set emergencies.

Training continues for new finance delegates and local finance staff but it is necessary that all staff are exposed to training of finance tools and procedures. This programme focuses on better co-ordinating and enhancing training for finance and non-finance staff and developing financial skills and universal understanding of the roles and responsibilities of all staff. The project will address the training requirements

through the regional finance units. Developing the skills of the local staff is also a positive way of enhancing the local capacity of the national society.

This programme also continues with supporting a basic function of the Secretariat of donation management with the Pledge Management System. We will continue to develop this system and make refinements to the process to ensure a quality service both to donors and also to programme managers within Federation Operations.

Goal The long term goal of the Federation is to develop a global systems and communication infrastructure to support its core business processes. Systems specifications and implementation planning are already well developed for an integrated management information system which will encompass finance, human resources and procurement functions. This long term project, for which funding is not currently sort, will build on the above developments in communications, financial management and reporting.

CODA upgrade

Objectives and activities planned

Background

This is an evolution of the Communications Programme that has been running for the past two years, and is an effective complement to the Project Compass. With Project Compass the Federation is continuing to examine an integrated solution with Oracle serving as a base. The proposed tasks set out in this Global program will build Federation experience with web based technology, better position operations onto CODA and consolidate the training and skill requirements of all finance personnel -- all good perquisites for the overall strategy. Project Compass has the twin objectives of improved processes (human resources, procurement and financial) as well as improved system integration. The Oracle system has been chosen as the preferred solution to achieve this.

To cater for sites that cannot readily and cost effectively be connected to Oracle, Oracle will be fed by information from the CODA system, which gives a high level of financial functionality, and will enable quick and effective support to complex, rapid onset disasters (CODA is the core financial system currently in use and hence there is a high level of familiarity with it). In order to retain vendor support for the CODA product, and in order to take advantage of the latest e-Finance version of CODA, the system needs to be upgraded during 2002. This will entail new Windows and Database (SQL) software as well as upgrading the version of CODA from the current 7.01 to 9.0.

CODA 9.0 will enable some delegations to work with CODA across the WEB, whilst others can operate in an off-line version of CODA . The quality of the connection will determine which delegations will work on-line and which will work off-line, since not all delegations can be connected to the web or be connected at a satisfactory level for the on-line software to perform adequately. Thus the approach will be to upgrade certain delegations to the CODA e-Finance module when we are assured that they have direct and stable access to the financial system across the web. CODA 9.0 enables the development of three significant software enhancements :

- A laptop version of CODA to be deployed quickly to a complex rapid onset disaster.
- Complementary on-line and off-line software which can either feed Oracle hubs or be used in a stand-alone environment until such time as Oracle is deployed.
- Development of a 'stripped down' version of CODA for light use in delegations which only need a simple form of financial software.

This global program has several significant benefits for the Federation:

- Better and quicker support to complex rapid onset disasters.
- Reduction in the number of stand-alone CODA operating sites, as the respective delegations will only need to maintain WEB browser software, thus reducing the IT support burden.
- For e-Finance sites, it will allow more timely recovery of financial transactions from the delegation.

- The 'stripped down' version enables the replacement of the Field Return (FRT) system, thus further reducing the support burden for the Information Systems Department.
- Increased flexibility to redeploy Finance staff, since more staff will be CODA trained.
- An evolutionary path to effectively prepare the ground for an Oracle implementation.

As noted, in the process of transferring delegations to the CODA e-Finance environment, delegations currently operating on the FRT system will switch to CODA. In time this means that the current CODA system will be integrated into all delegations, except those that subsequently receive Oracle.

Objective Enhance the financial operating system so the Federation operates on one uniform platform.

Activities planned to achieve this objective are:

- Upgrade the operating system and CODA software.
- Connect a number of sites to the e-Finance version running from the database in Geneva.
- Transfer a number of sites from FRT to CODA.
- Develop 'lap top' version of CODA for deployment to complex rapid onset disasters.

Finance training

Objective To have exposed finance staff and non-finance delegates to training on relevant finance modules over a two year period. All new staff will be exposed to similar modules during briefing sessions as they are visiting Geneva and for local finance staff training through the RFU structure.

The implementation of RFU structure, which has been assisted under this Global program, has begun to show a positive result as the RFU members become closer to the finance field staff. Regular delegation visits and constant contact has helped increase the knowledge and skills of finance personnel. However their approach is not always systematic and the material available for training purposes is not well developed or comprehensive. There are a number of manuals and procedure available but these need to be captured into a training session. The program for 2002 onwards will address this deficiency.

We have also found that the skill development for non-finance personnel is not necessarily the training of basic financial principles or concepts but more importantly an understanding of the particular tools employed by the Federation and how the various finance processes operate. A comprehensive understanding of these would lead towards better financial management of Federation projects.

The logistics of training staff is heavy if the workshops are based in Geneva, which has meant that the frequency of these courses have been limited. The approach is to inject more mobility into the training methodology. It is better to have sessions of a shorter duration but more often so that a greater number of individuals can be exposed to finance skill enhancement.

The intent is therefore to take a modular approach to the training and clearly identify what training each group of people require. This would mean identifying the various responsibility levels and what finance skills are required of these people and what particular modules these positions need to be trained on, including:

- Developing matrix of finance modules related to positions.
 - 'who' - the position and the relevant finance responsibility.
 - what modules are needed, both finance tools and procedures.
 - how long each module will take.
 - what level of skill and understanding is required after completing each module.
- Consolidating all manuals, procedures and guidelines into electronic form and making them available over the web.
- Creating training sessions around each module accompanied with facilitator notes. Some modules need to be designed with different skill levels in mind (e.g. CODA Basic module, CODA Advanced module).
- Developing a number of case studies with relevant facilitator notes and answers.
- Developing tests for new staff (both finance delegates and local staff) to assess whether the candidate has the basic skills necessary for the position applied for and secondly to identify where future training

should be targeted for that individual. This will provide an objective basis to evaluating the suitability of candidates.

- Developing 'self-tests' on finance for finance /non-finance staff so that they can develop their own skills with out necessarily having the opportunity or restriction of completing a formal training course.
- The facilitator to co-ordinate with RFU's in order to:
 - ➔ visiting individual sites for one-on-one training in the delegation with accompaniment of RFU staff.
 - ➔ conducting regional workshops which would entail a number of finance or non-finance staff attending a central course
- Specifying and developing related training material for inclusion and presentation at other Federation courses (e.g. induction course, ERU and FACT Team courses).
- Conducting or facilitating courses for briefing of both finance and non-finance staff in Geneva.

Financial reporting of pledges

Objective Make the pledge system an auditable component of the financial system.

Progress has been made in developing the Federation's pledge system although there is a clear objective to have the pledge information incorporated into the Federation financial statements. In order to do this the pledge system must be able to meet an audit standard set by the IFRC external Auditors.

The pledge system has been developed by the Federation and is not standard software supplied by a third party vendor. This is because the requirements of the Federation are quite unique and would require any standard software to be modified so significantly that the investment would not be warranted.

In 2001 a review was undertaken of the pledge system and a number of recommendations made that would enhance this system. Some of these have been implemented although there are a number still outstanding that require a more focussed approach to complete.

Activities planned to achieve this objective are:

- Refine the 2001 report findings into identifiable and specific changes to the pledge software and internal procedures.
- Have the report findings and the specific steps verified by the External Auditors as acceptable changes for the Pledge data to be accounted for in the Financial statements.
- Implement the steps and report findings

Expected results

- More timely provision of financial information to both delegation and donor users.
- Enhanced response to complex rapid onset disasters.
- Create system environment that can be more easily supported by ISD.
- Greater flexibility to deploy finance staff.
- More skilled and responsive financial management of programs.
- Pledge information reported in Federation financial statements.

Indicators

- Improved ability of Federation structures and National Societies to effectively carry out their mandates as part of a co-ordinated international system.
- Reduced processing time for delegation field returns.
- Number of occurrences of discrepancies in monthly check lists.
- Number of personnel trained in finance related courses or modules.
- Reporting frequency, use of PMN, use of PMN reference numbers.
- Use of PMN reference numbers in bank transfers

Monitoring and Evaluation arrangements

Secretariat staff in the Finance Department: specific reports relating to the key indicators shall be promulgated in order to adequately monitor the programme. This feed back mechanism shall be used to refine the programme substance and identify where the programme may need to focus for financial skill enhancement. Evaluation shall be conducted by senior management in the Finance Department.

Critical assumptions

The finance department will provide a co-ordinating role in concert with other divisions to ensure delivery of the programme, based on the following assumptions.

- Donors support and fund the Programme Support budget that is integral in the management of all operations.
- The required financial resources will be made available to support the Finance and Reporting Systems Program.
- Implementation associates will contribute to the programme success by maintaining a high level of interest and commitment (i.e. availability of Applications Development Unit of 3 persons for 3 months).

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APPEAL 2002 - GLOBAL PROGRAMMES				
Financial Development				
Description	Operating Systems	Finance Training	Pledge Development	TOTAL
Computer Hardware	100'500	8'000		108'500
Computer Software	296'400			296'400
Subtotal Capital Expenditure	396'900	8'000		404'900
Programme Management Support	43'596	41'099	4'618	89'312
Technical Services Support	13'015	12'270	1'379	26'664
Professional Services Support	14'513	13'682	1'537	29'731
Subtotal Programme Support	71'124	67'051	7'534	145'708
Monthly Salary	151'000	244'000		395'000
Conference Facilities		4'000		4'000
Temporary Staff	18'000			18'000
Subtotal Personnel Expenses	169'000	248'000		417'000
International Travel		152'000		152'000
Travel Per Diem		22'720		22'720
Travel Accommodation		97'200		97'200
Translations		15'000		15'000
Consultants	10'000		61'000	71'000
Subtotal Travel and General Expenses	10'000	286'920	61'000	357'920
Total Budget	647'024	609'971	68'534	1'325'528