

# FMIS in the public sector in Denmark

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The agency for governmental management (AGM), Ministry of Finance

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# Agenda I/II

- Structure and organizational context (5 min.)
  - A brief description of the financial system and the role of [The Agency for Governmental Management](#) in Denmark.
- The Danish FMIS – an overview (the As-Is picture) (15 min.)
  - The set-up of FMIS supporting the processes of budgeting and accounting in the governmental sector.
  - Focus areas: Coverage, architecture, infrastructure, integrations, automatic data controls, user limitations, web-based solutions, web services and business intelligence.

# Agenda II/II

- Implementation Experiences (5 min)
  - The Danish Agency for Governmental Management have recently finished an implementation project aiming at standardizing the systems of accounting, procurement, travel reimbursement and business intelligence in the governmental sector in Denmark.
  - Focus areas: Centralization versus decentralization.
- The FMIS roadmap (The to-be picture) (5 min)
  - Focus areas: Best of breed strategy and system product strategy

# The Role of The Agency for Governmental Management

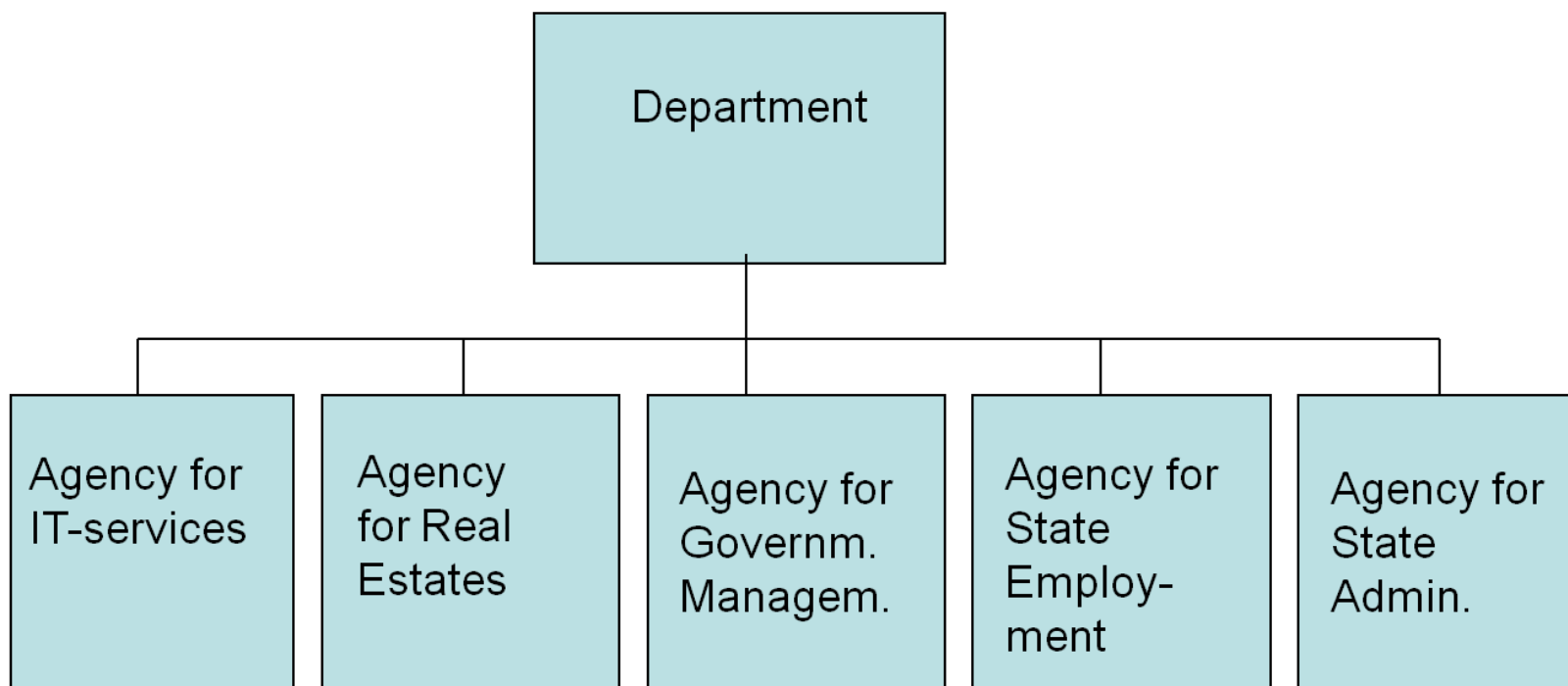
“The Great Co-ordinator”

# The Agency for Governmental Management

## Main activities:

- Preparation of the Danish central government's budget and fiscal accounts, and the administration and development of the rules governing the financial management
- Development, specification and implementation of the Danish Ministry of Finance's initiatives aimed at increasing the efficiency of administrative processes with special reference to financial management and accounting
- **Operation and development of financial management, ERP and salary system**
- Implementation of cross-governmental digitalisation projects

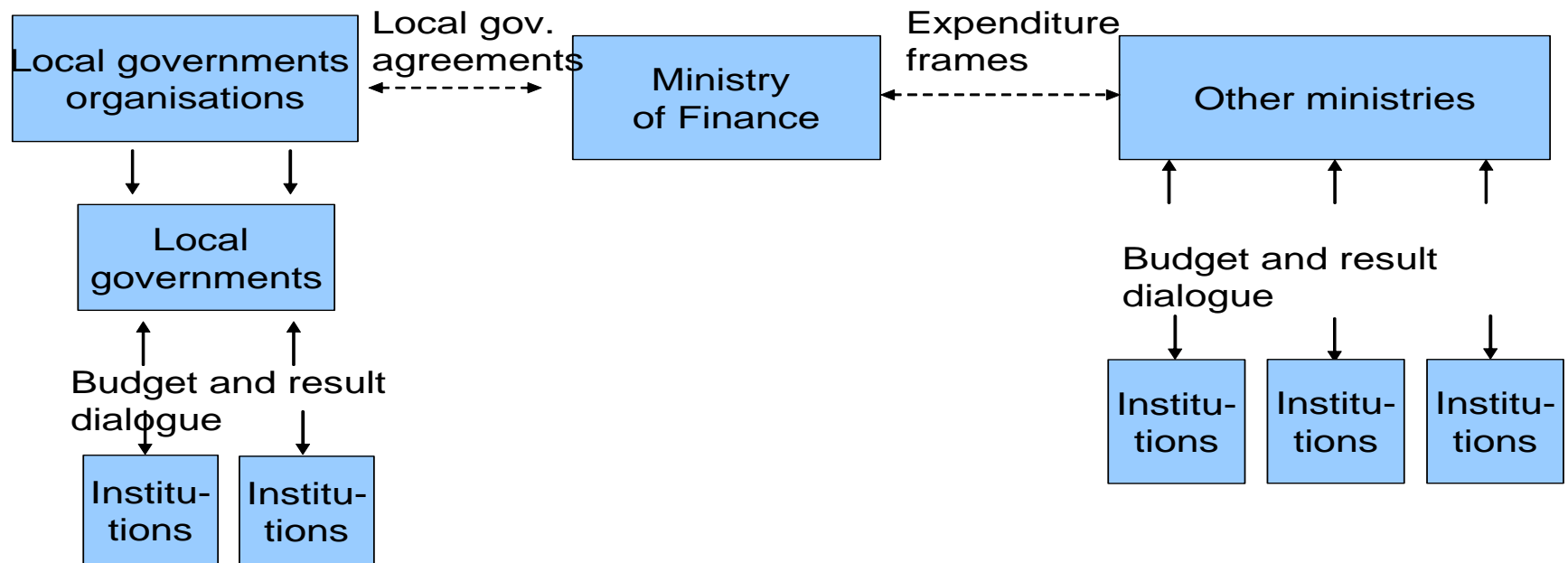
# Corporate Structure of Ministry of Finance



# The Ministry of Finance (MoF)

- **MoF's role in budget negotiations; Top-Down:**
  - Determines financial a.o. framework conditions for budgetting
  - Key role: Veto or accept of line ministries' budget proposals
- **Line ministries; Bottom-Up:**
  - Negotiates follow up of MoF-framework conditions for budgetting
  - Reporting on "framework-alignment" 3 times/year + Annual Report
- **National Auditors Office (Subordinate to Parliament):**
  - General audit of all state accounts – Annual Reports
  - Selective financial and/or administrative audits and reporting to Parliament (State Auditors)
- **Parliament (The Folketing):**
  - Board of MPs constitutes "State Auditors"; reports from Nat. Aud.
  - Launches critical statements to Government and to the Public

# Public expenditure policy planning





# FMIS in Denmark: Key points

- System portfolio based on a Best of breed strategy
- Centralized development based on standardized systems
- System Development close to legislative modifications within the area of financial management

# FMIS core system: Navision Stat

1. Considered the core system in the Danish FMIS
2. Based on Microsoft Dynamics NAV 5.0SP1
3. Maintained and expanded by AGM since 1998
4. Used by almost all governmental agencies (99 %)
5. Integrated with all governmental central systems and all essentials supporting systems
6. Support extensive use of automated processes
7. Support digital exchanging of all business critical documents
8. Detailed and re-fined user administration concept
9. 581 active licenses, corresponding to roughly 800 companies
10. Licensed to an unlimited number of companies and users

## Microsoft Dynamics 5.0SP1

Integration to SKS (SB) and SLS  
(central accounting and payroll systems)

Support of specific governmental controls  
and accounting rules

Integration to ØS-LDV (local DW house)

Exchange of eDocuments (integration to INDFAK)

Integration to Easy Account and banking systems

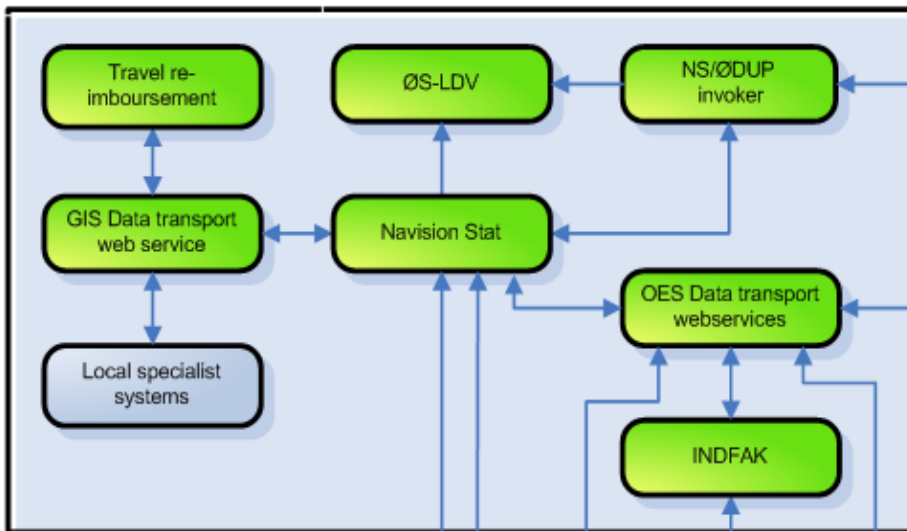
Integration to CVR – Central Company Registry

Integration to PBS (Danish debit collection system)

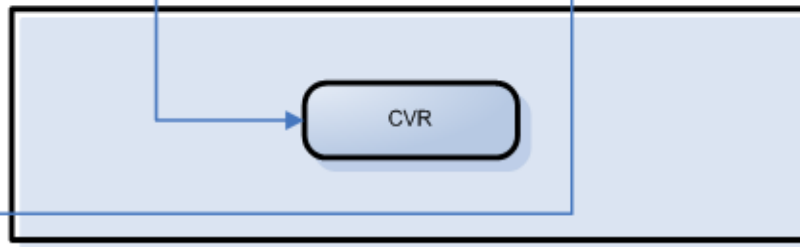
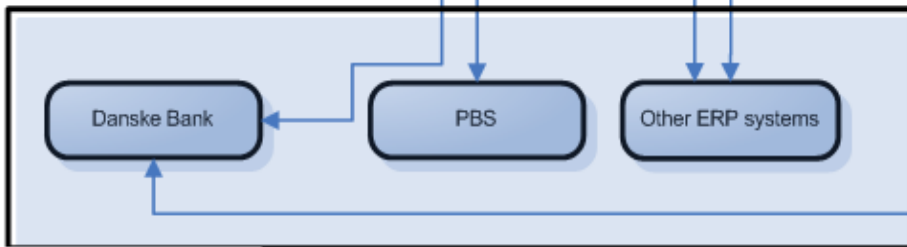
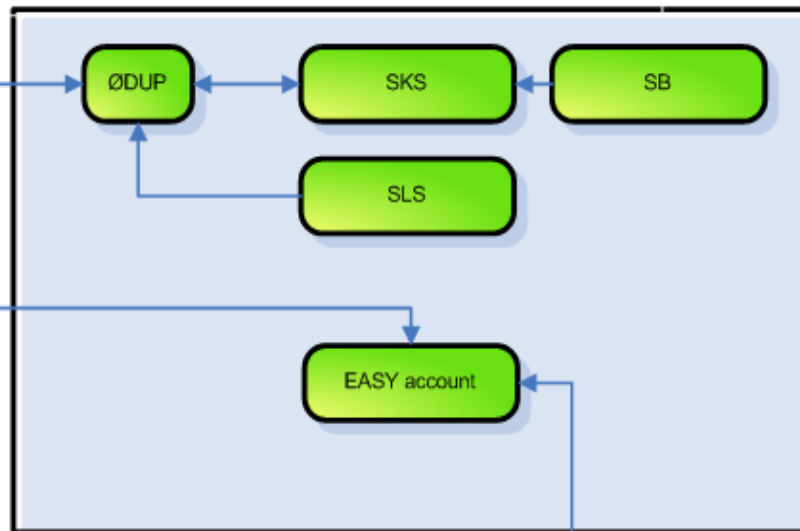
Integration adaptor for all local specialist systems  
to connect

# FMIS: Architecture

Local governmental systems



Central governmental systems within the Ministry of Finance

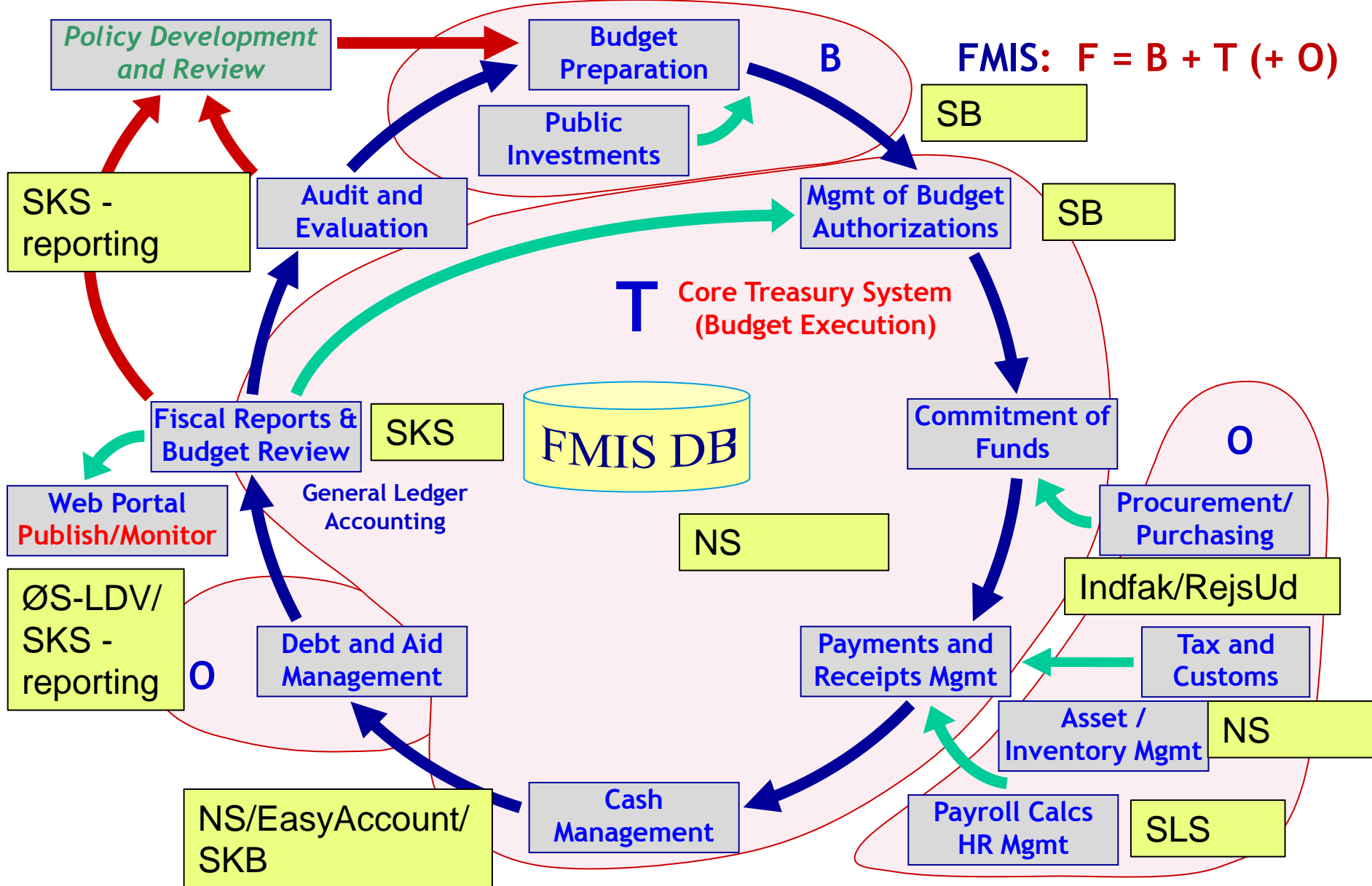


Private systems

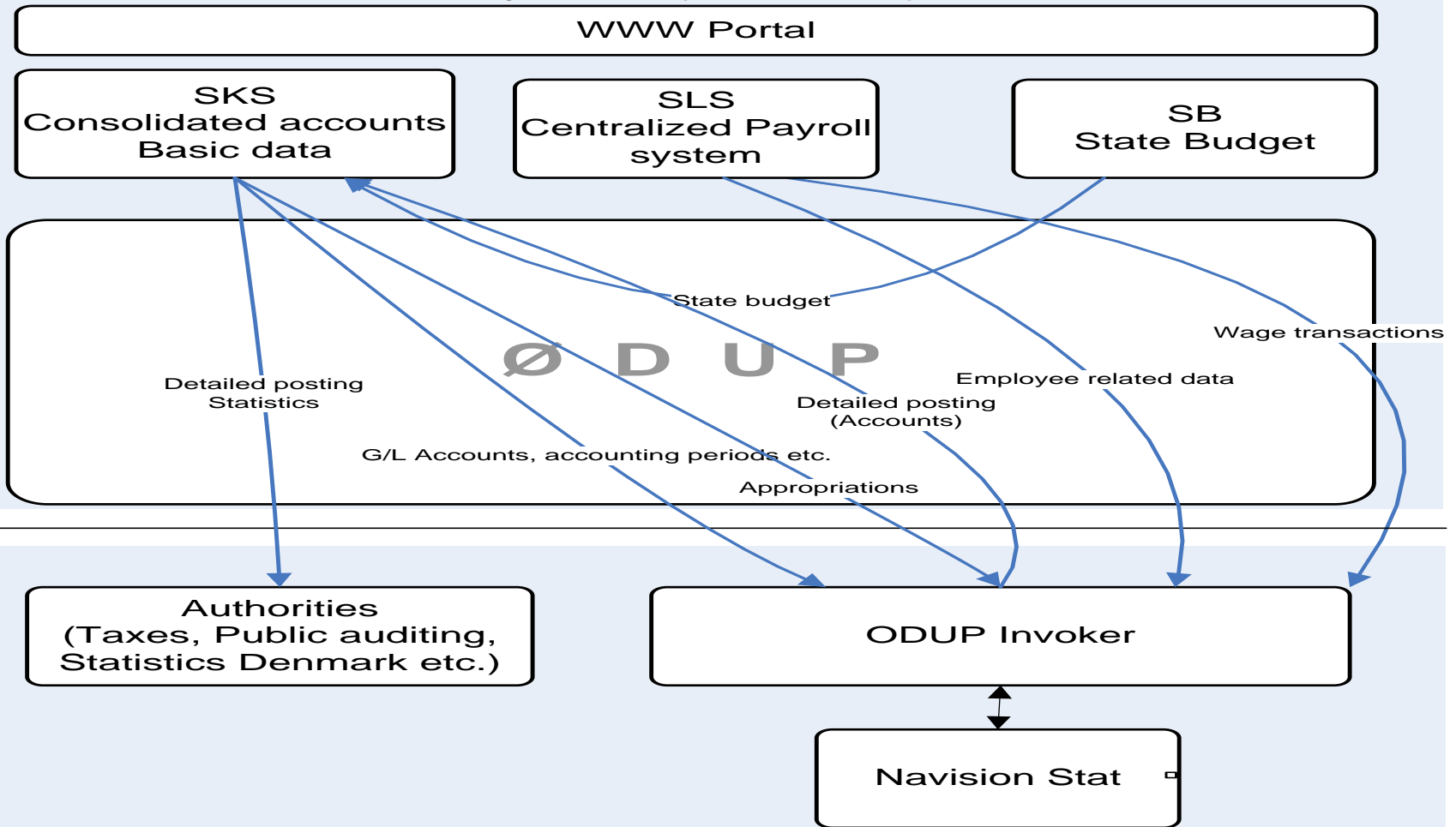
Central governmental systems outside Ministry of Finance

# FMIS systems in Denmark

Name	Description	Coverage	Appl. Soft- ware Tech.	Min. bandwidth pr. web user
SKS(2004)	Central Government Account system	All governmental agencies	Web application / Mainframe	2 Mbps
SB (1998)	Central budget system	All governmental departments	Web application / Mainframe	No min.
Navision Stat (1998)	Local ERP system	99 % of all governmental agencies (419 db). 8000 – 10.000 Users	Client-server (MS SQL + .NET)	N/A
ØSLDV (2007) Olivia (2004)	Local data warehouse	500 databases 8600 users	MS SQL server/ Reporting Services (2008 R2)	No min.
Easy Account (2005)	Central ID and bank account matching system	All public agencies and citizens over age 18.	Web application	No min.
INDFAK (2009)	Central approval and procurement system	50 % of all governmental agencies. 5000 Users	Web application MS SQL server	0,5 Mbps
REJS-UD (2009)	Travel re-imbursement system	50 % of all governmental agencies. 1 db pr. Agency. 30.000 Users	Web application	No min.
SLS(2003) SCL(1969)	Central payroll systems	Almost all governmental agencies. 1753 Users	Web application / DB2 6.800 GB	No min.



# AGM: The connection between centralized and decentralized systems (NS 5.2.01)



# FMIS Automations: A short list

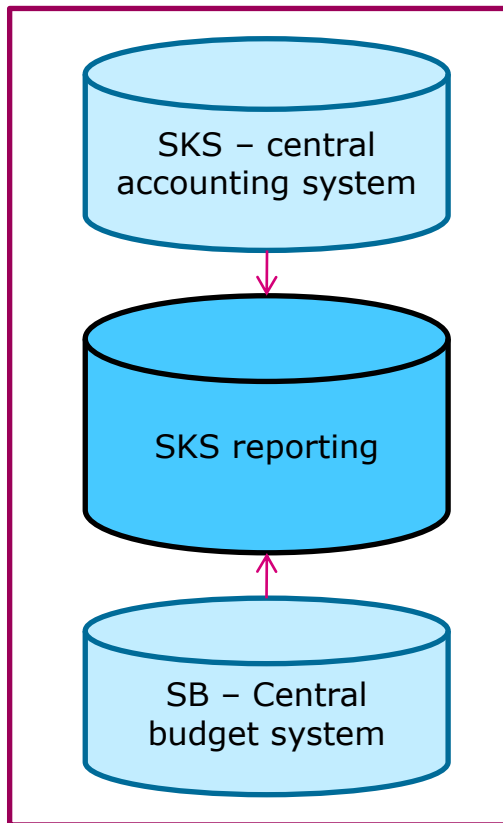
- All invoices are automatically received digitally in the procurement system
- All invoices are automatically send to Navision Stat upon G/L account enrichment and approval in INDFAK
- All received invoices can be accepted in Navision Stat within one process, and entered as G/L entries within one process
- All invoices are calculated for due payment within one process
- All payment orders are sent directly to Easy Account or the bank in one process
- All status messages from Easy Account and/or the bank are automatically updated on the payment ledger entries



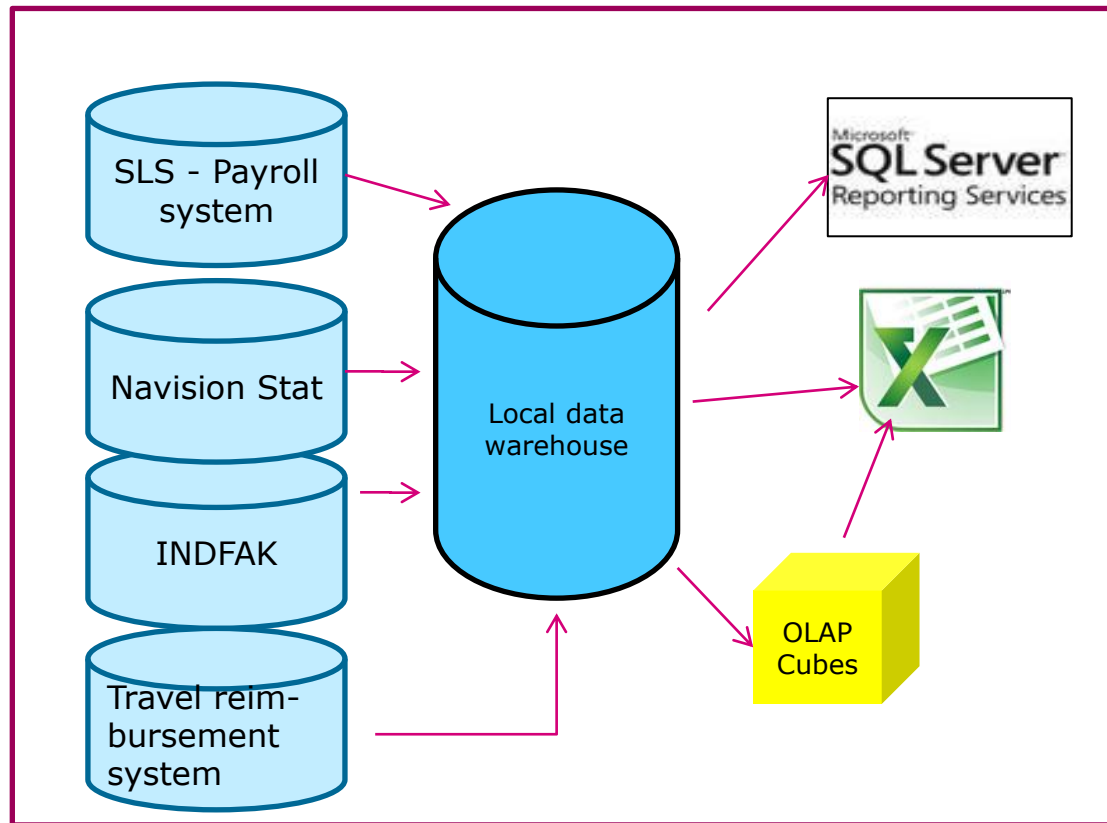


# FMIS Business intelligence model

## The consolidated level



## The local agency level



# FMIS Business intelligence: Navision Stat

- Several kind of reporting delimited within the boundaries of the company
  - ❑ Reports presenting all types of posting within the company
  - ❑ Reports as trading documents ex. invoices and credit memos to be sent to customers in the private sector
  - ❑ Reports controlling data entering before posting
  - ❑ Reports as balance control between local systems and data transferred to Navision Stat
  - ❑ Reports as balance control between Navision Stat and SKS
  - ❑ Reports presenting statistics, ex. Top 10 most procured item

# FMIS Business intelligence: ØS-LDV

- ØS – LDV: AGM Local data warehouse – agency level
  - ❑ Presentation of data based on consolidated data across companies
  - ❑ Presentation of joint data from Navision Stat and SLS
  - ❑ Presentation of joint data from Navision Stat and INDFAK
  - ❑ Presentation of joint data from Navision Stat and local systems
- ØS – LDV: AGM Local data warehouse – department level
  - ❑ Presentation of data based on consolidated data across agencies

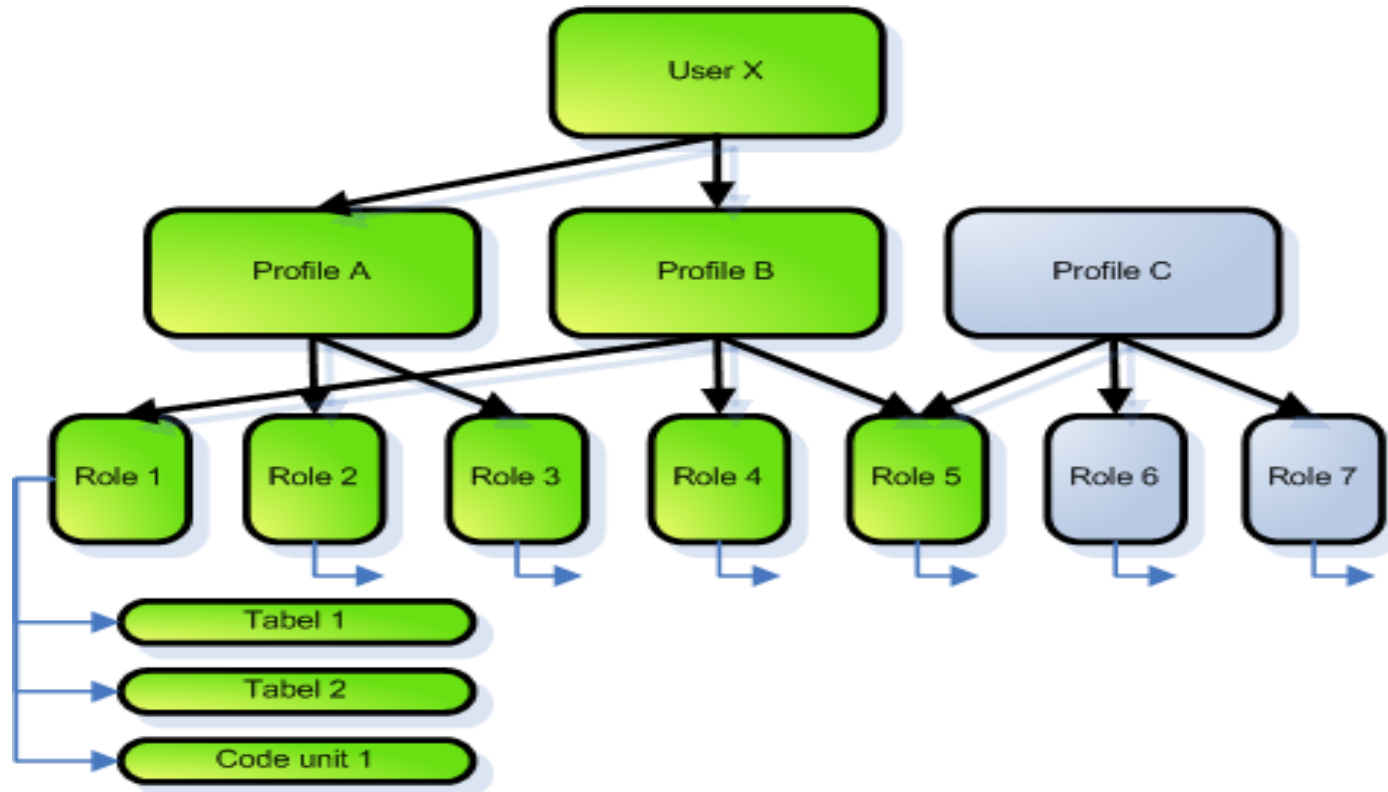
# FMIS Business intelligence: SKS

- SKS reporting – agency level
  - ❑ Official presentation of accounts each month
  - ❑ Ad hoc analysis by drill down facilities
  - ❑ An annually financial statement with balance sheet, income statement and cash flow statement
  - ❑ A performance report including reporting on performance contracts
- SKS reporting – department level
  - ❑ Quarterly fiscal year prognoses for each department
  - ❑ Official presentation of the Danish Public accounts

# FMIS User administration: Basics

- Navision Stat can be accessed by SQL database authentication or Windows authentication.
- Specific parts of the application can be accessed by users granted specific profiles and roles
- All detailed permissions and grouping of permissions are defined by AGM, and delivered as a data file for automatic and secured set-up
- All major changes to the concept is validated by the agency in charge of auditing the state accounts

# FMIS User administration: Concept model



# Navision Stat – The use of web services

- Web services
  - Receiving: status messages from Easy Account
  - Receiving: invoices, credit memos and reminders from vendors
  - Receiving: receipt messages from customers
  - Receiving: read, write and delete actions from external local specialist systems through the generic integration interface
- Web services combined with windows service
  - Sending: payment orders to Easy Account
  - Sending: invoices, credit memos and reminders to customers
  - Sending: receipt messages to vendors or procurement systems

# Navision Stat – The use of web clients

- Web client
  - Retrieving business address data from the Central company registrar, CVR
  - Retrieving http addresses based on EAN number and document type from OIO UDDI, used for the following dispatch of an e document from Navision Stat.



# Implementation one IT platform for the local financial management (I)

- Situation until 2010:
  - Development of Navision Stat was centralized, **but** almost every agency in the governmental sector had **customized** their version Navision Stat to suit their need for financial management
  - The agencies had different IT solutions to support their needs for handling of invoices and travel reimbursement
  - The agencies used a lot of resources in IT project management and IT operations instead of their core business

# Implementation one IT platform for the local financial management (II)

- The situation from 2010 to today:
  - All the organizations in the governmental sector are using one version of Navision Stat developed by AGM
  - The processes of travel reimbursement have been digitalized and all the organizations are using one system
  - The implementation of one system for procurement and handling invoices is completed in 2.Q 2012
  - All the organizations in the governmental sector are using one IT platform for local business intelligence

# Key lessons learned

- ✓ Focus on the analysis of the business processes
- ✓ It is more an organizational project than an IT project
- ✓ It is a strength to have a centralized development on a flexible platform – the best of two worlds

# FMIS: Strategy and roadmap

- AGM Best of Breed strategy
  - ❑ FMIS Roadmap
  - ❑ Navision Stat product strategy



# FMIS roadmap

- Change of ERP platform?
- Better internal consolidated budget facilities
- Better business intelligence platform for consolidated reporting
- Ongoing analysis for better economic and financial management in the overall public sector conducted by the Ministry of Finance

# Navision Stat: Product strategy

Basic product strategy +

1. Strategy for distribution
2. Strategy for integration
3. Application specific strategy
4. Reporting strategy



# How to get more detailed information?

- The following questions and answers session
- Group sessions on site
- By e-mail:
  - ❑ ERP Development manager, Carina Sørensen: [cps@oes.dk](mailto:cps@oes.dk)
  - ❑ Senior Consultant, Jacob Glit-Jensen: [jgj@oes.dk](mailto:jgj@oes.dk)

