



HIRSHABELLE STATE OF SOMALIA

Ministry of Finance and Economic Development (MoFED)

Organizational Structure and Roles & Responsibilities of Each Department

31 March 2018

M.A

1. Authority & Purpose

1.1 This regulation is issued pursuant to Section 6, Paragraph 3, Section 7 and Section 30, Paragraphs 5 and 6 of the Public Financial Management Law, 2018. This regulation is a “disallowable instrument” as defined in the PFM Act and in accordance with Section 7 is subject to a review period not to exceed ten (10) days by Parliament.

1.2 The purpose of this regulation is to provide a summary of the roles and responsibilities of each department that comprises the Ministry of Finance, along with providing a schematic of the organizational structure of the Ministry (Paragraph 3.1 & Attachment 1). The structure is based on the functions specified in the Law of Parliament establishing the Ministry of Finance.

1.3 This regulation is not intended to provide the detailed duties of the employees of said departments. This detailed information will be provided in the more detailed job description and duty statement for key positions for recruiting and staffing purposes.

2. Organization Roles & Responsibilities

2.1 Office of the Director General

2.1.1 The Director General is the most senior Civil Servant in the Department, reporting directly to the Minister for the administration of the Ministry. The DG's role involves providing policy advice, direction and leadership to all other Department Directors as well as being the focal point for conveying advice on financial matters to the Minister and Council of Ministers and other Ministries. This is particularly relevant in the context of preparing and presenting the annual budget and taxation policy.

2.2 Treasury Department

2.2.1 The Treasury Department, headed by the Treasurer, is responsible for all financial management processes, including revenue recording and payment processing. The department also provides cash management services, controls the cash accounts and manages the financial management information system (FMIS). It is also responsible for accounting for the budget execution and the necessary financial reporting to the Hirshabelle State of Somalia Auditor General and citizens at large. The Treasurer, in conjunction with the Minister, will provide written expenditure and revenue collection procedures and processes to be followed by Ministries when seeking payments based on the approved budget or collecting revenues for the Hirshabelle State of Somalia.

2.2.2 Pursuant to Section 30, paragraphs 5 and 6 of the Public Financial Management Law, 2018, the Treasury Department will ensure the Finance Departments (or departments that function in the capacity of a finance department) of all other Ministries and Agencies operate in full accordance with the Public Financial Management Law, 2018 and all subsidiary Regulations and Instructions issued under the Act, by the Minister for Finance. The Treasury Department will provide technical guidance to all Finance Departments which are established within other Ministries and Agencies of the Hirshabelle State of Somalia.

2.3 Budget Department

2.3.1 The Budget Department is responsible for developing the Hirshabelle State of Somalia annual budget in accordance with policies, processes and procedures as promulgated by regulation by the Minister of Finance. The Department also manages the Budget Preparation Module (BPM). The budget coordination section is responsible for developing the initial budget circular seeking budget submissions from Ministries. The circular should provide guidance on the fiscal situation (informed by the Macro-Fiscal unit) and set budget ceilings for ministries based on the Hirshabelle State of Somalia priorities and projected available resources. Revenue measures and estimates will be developed by the Customs and Taxation Department for inclusion in the annual budget presentation. The Budget Operations sections are designed to provide analytical scrutiny of Ministry budget proposals and contribute to the budget preparation process. They would also develop policy proposals for the Minister's consideration.

2.4 Customs and Border Taxation Policy Department

2.4.1 The Customs and Border Taxation Department is responsible for developing the HSS taxation policy and the necessary Acts relating to revenue raising measures. It is also responsible for developing annual estimates of revenue based on the laws, and for this purpose would consult closely with the Revenue Collection Authority and Macro-Fiscal unit. The functions are divided between the Customs measures and other taxation. The department would also advise on revenue sharing with the Federal Government of Somalia (FGS) and general revenue relationships between the levels of government.

2.5 Information and Communications Technology (ICT) Department

2.5.1 The ICT Department is responsible for providing and maintaining computing and internet requirements, including hardware, system software, networking, internet facilities. It would also act as System Administrator for the MoF website, FMIS, BPM, RMS and Asset Management module.

2.6 Public Procurement Department

2.6.1 The Procurement Department is responsible for the procurement policies, necessary instructions and contracting documentation. This department also provides monitoring of the procurement activities and any necessary dispute resolution mechanism. Initially the Public Procurement Department will take responsibility for all procurement and purchasing (centralized) on behalf of all Ministries/Departments/Agencies (MDAs) until such time as sufficient competency is established in the MDAs. The Department is also responsible for the management of the Asset Management Module (AMM).

2.7 Revenue Collection Authority 2.7.1 The Revenue Collection Authority is the agency charged with collecting the taxes that are prescribed by the policies developed by the Customs and Border Taxation Policy Department in the Ministry of Finance and turned into legal Acts of Parliament. The Authority is responsible for the management of the Revenue Management System (RMS) The Authority will eventually become large when the taxpayer registration, returns processing and collection functions expand as the number of taxpayers and tax types increase. At an appropriate time, it would be acceptable to have a Revenue Collection Authority established as an independent entity, however taxation policy would remain with the Ministry of Finance.

2.7 Macro-Fiscal Unit

The Macro-Fiscal Unit, in consultation with Budget Department, is responsible for developing the HSS macroeconomic and medium-term expenditure framework for the budget and producing analytical reports of fiscal outcomes, as well as analyzing and forecasting macroeconomic and fiscal performance. The Unit will review the Hirshabelle State of Somalia economic performance, providing the macroeconomic assumptions for the budget, analyzing the fiscal effects of changes in the macroeconomic environment and the effects of fiscal policy changes – including development assistance – on the macroeconomy and long-term growth. The Unit will also provide regular timely tables and analysis of historical fiscal performance and generate fiscal forecasts, participate in cash management meetings and engage in sustainability analysis. As well as working closely with the MoF Treasury, Budget Department, Revenue Collection Authority and Macro-Fiscal Unit, the Unit will also coordinate with planning units in other Ministries and development/donor partners where relevant to advise on macro-fiscal issues and to inform the development of the medium-term expenditure framework. Finally, in accordance with Section 13 of the PFM Law, the Unit will analyze the fiscal impact of all proposed policy changes in the HSS and advise the Minister and Director General on the implications of such policy changes on the fiscal outlook.

2.8 Internal Audit Unit

2.10.1 The Internal Audit Unit's role is to provide independent and objective assurance to the Director General on the effectiveness and efficiency of governance, risk and control frameworks within the MDA's; add value and improve the effectiveness and efficiency of operations; provide advisory services to assist the Ministry of Finance in achieving its objectives. The primary scope of Internal Audit's activities encompasses reviewing the adequacy and effectiveness of risk management, internal control and governance processes within the MDA's. Specific operating policies and codes of conduct are to be set out under separate Instruction issued by Minister for Finance.

2.9 Corporate Services Unit

2.11.1 The Corporate Services Unit manages all administrative functions of the Ministry of Finance, including human resource management. This is necessary to

ensure recruiting is carried out and to ensure the processes comply with Civil Service Commission requirements to meet RCRF II eligibility. Building management may also become a requirement.

3 Organization Structure

3.1.1 Attachment 1 schematically depicts the structural hierarchy of all departments and units of the Ministry of Finance, along with reporting relationships.

4. Entry into Force

4.1 This Regulation is deemed to have entered into force on date issued of 31/03/2018.

Mr. Mohamed Mohamud Abdulle

Minister of Finance and Economic Development

Hirshabelle

State

of

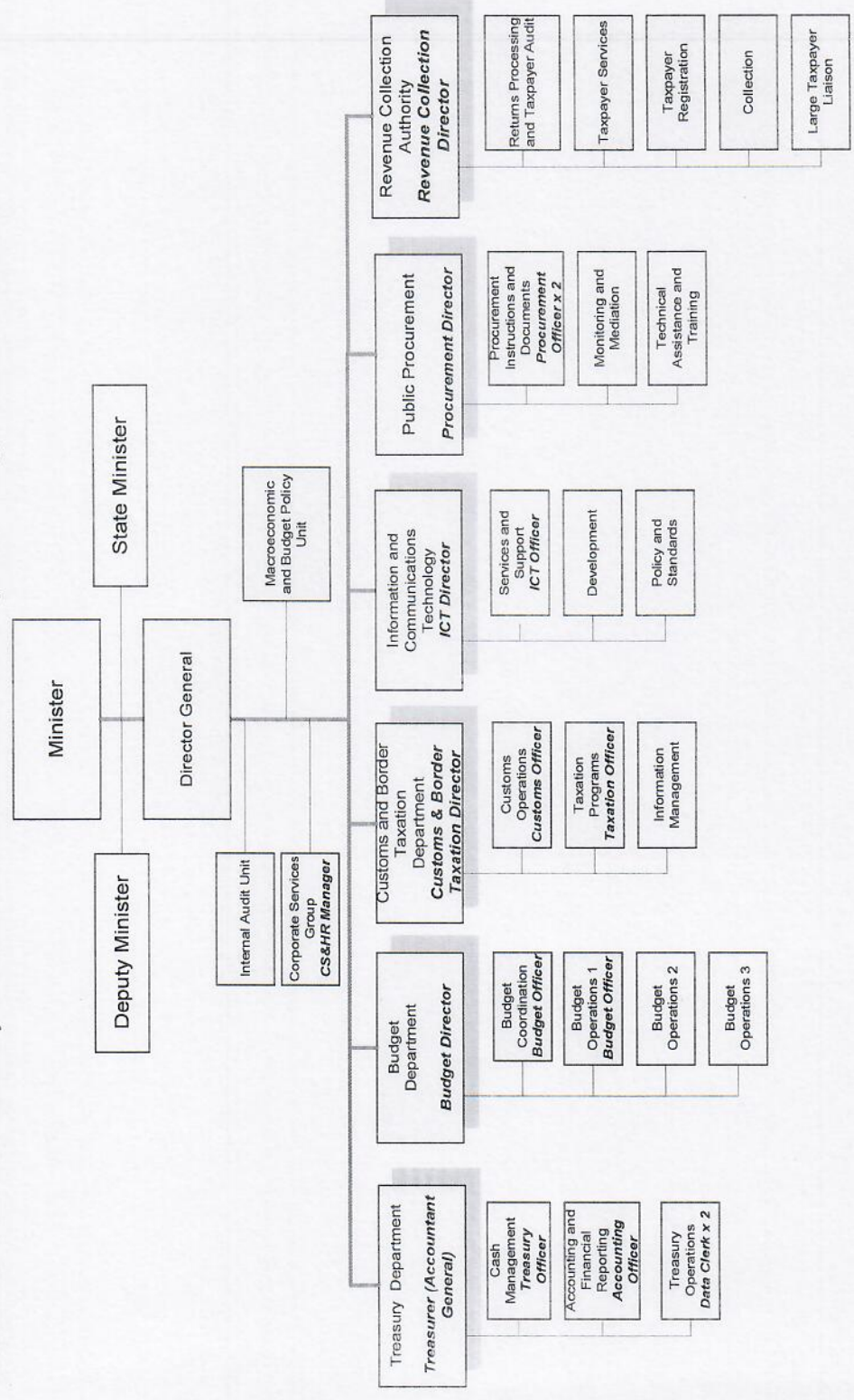
Somalia



Regulation #1: Regulation establishing the Organizational Structure, Roles & Responsibilities of MoF

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Attachment 1 – HSS Ministry of Finance and Economic Development –Organizational Structure



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