



HIRSHABELLE STATE OF SOMALIA

Public Financial Management Law 2018

Applicable from

31 March, 2018

Regulation #5

**Establishing Procedures on Managing Cash Resources & Bank
Accounts**

1. Authority & Purpose

1.1 This regulation is issued pursuant to Part VI, Sections 28 & 29 of the Public Financial Management Act, 2018 (PFM Act). 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 further details in relation to the management of cash resources and operations and management Of Hirshabelle State of Somalia bank accounts

1.3 This regulation does not provide procedures the how to manage Hirshabelle State of Somalia bank accounts. This is included in the *Operation of Bank Accounts Procedures Manual* issued as Instruction I to this Regulation

2. Managing Cash Resources

2.1 Safeguarding Cash

2.1.1. Banking of cash collections to the Hirshabelle state of Somalia bank account shall be carried out daily. If in circumstances that cash needs to be retained overnight it must be kept in a central secure place as designated by the Director General/Permanent Secretary.

2.1.2. Cash collections should be taken to the bank while maintaining a high level of security at all times with banking carried out by two officers

2.2 Cash Flow Forecasting

2.2.1. All Ministries and Agencies are responsible for monitoring their revenue collections and spending against the appropriated budget & revenue estimates. In accordance with Section 23 (5) of the PFM Act, Annual Revenue and Spending Plans (Annual Plan) are required to be submitted to the Minister which outlines the revenue estimates and spending on a monthly basis. It is this monthly information in these Annual Plans that will be the basis upon which the Treasury Department will monitor the Hirshabelle state of Somalia cash flows.

2.2.2. The Annual Plan shall be in a format and layout as determined by the Minister, issued as an Instruction as part of the annual budget preparation cycle and in accordance with the timeframe included in the Budget Calendar outlined in the annual budget circular.

2.2.3. Approved Annual Plans shall be maintained by the officers responsible for Cash Management in the Ministry of Finance. Cash Management will be monitored by the Treasury Department, Ministry of Finance, maintaining a monthly cash flow forecast for the current fiscal year based on information provided by Spending Agencies in their annual revenue and spending plans.

2.2.4. The forecasts are to be updated to include actual spending and revenue collections on a weekly basis within 2 days after the end of the week. This information will be obtained from the Hirshabelle State of Somalia FMIS by producing the Budget Segment Report.

2.2.5. Any variances of actual against forecast that shall be immediately reported to the Budget Director and Treasury Director and reported back to the responsible Ministry / Agency

2.2.6. The Minister may request from a spending entity at any time the most current information on spending and revenue collections in the format as outlined in Regulation 6. It is the Spending Agency's responsibility to provide this information within three (3) working days of the request.

3. Bank Accounts

3.1 Operation of Bank Accounts

3.1.1. The Treasury Single Account and any other bank accounts of the [HIRSHABELLE STATE OF SOMALIA] are to be reconciled preferably daily or at a minimum weekly within 2 days after end of the week by the Treasury Department, Ministry of Finance using the Hirshabelle State Of Somalia's financial management information system (FMIS).

3.1.2. Each reconciliation must be checked and approved by the Treasurer or designated senior officer.

3.1.3. Bank reconciliations and supporting documents must be retained for management control and audit purposes, filed both in soft copy and hard copy format.

3.1.4. Officers operating official bank accounts shall not allow such accounts to be overdrawn and shall be liable for surcharge in respect of any bank charges arising from the overdrawn accounts. Surcharges that may apply are outlined in *Regulation #7, Establishing Sanctions*.

3.1.5. Bank Accounts may only be opened at the Government's financial institution/ commercial banks where the Treasury Single Account is maintained unless the Minister approves otherwise.

3.1.6. Details of bank accounts are to be recorded in the Hirshabelle State of Somalia financial management system allocating a unique code.

3.1.7. The established bank account is recorded in the bank register which is maintained by the Treasury Department. This register records the details in regard to all bank accounts established and operated by the government as outlined in *Instruction I, Bank Account Procedures Manual*.

3.1.8. The Minister may request at any time any information he may require on any bank account of the Hirshabelle State of Somalia. This information is to be made available within two working days of the Minister's request

3.2 Signatories

3.2.1. The signatories of the Hirshabelle State of Somalia Bank accounts will include at least two bank account signatories' one of which shall be the Director General/Permanent Secretary of the Ministry of Finance and in accordance with the categories provided in *Instruction I, Bank Account Procedures Manual*.

3.2.2. Changes to signatories of Hirshabelle State of Somalia bank accounts, must be carried out in accordance with *Instruction I, Bank Account Procedures Manual*.

3.3 Opening of Bank Accounts

3.3.1 No bank account shall be opened or operated or continue to be operated for the deposit and/or withdrawal of public money without the express written authority of the Minister and on such conditions as the Minister determines.

3.3.2 No new bank account shall be allowed to be opened if suitable banking facilities already exist and which the Minister deems are sufficient for the purposes of the Ministry/Department

3.3.3 A request to open a bank account or advise of changes to the bank account shall be submitted to the Minister in the standard form as included in *Instruction I, Bank Account Procedures Manual*

3.3.4 Once the opening of a bank account is approved by the Minister, Treasury shall issue written instructions to the bank to open the account and supply specimen signatures of the officers authorized to sign cheques and operate the bank account in the manner and format as outlined in *Instruction I, Bank Account Procedures Manual*

3.4 Closing of Bank Accounts

3.4.1 When the purpose for which the bank account was opened has been fulfilled, such as completion of the project, the responsible officer concerned shall submit a written request to the Minister using the required form along with the supporting documents as outlined in *Instruction I, Bank Account Procedures Manual*

3.4.2 Details of the closure of the bank account shall be recorded in the bank register and also the Financial Management information system (FMIS).

3.5 Changes to Bank Accounts

3.5.1 As part of ongoing maintenance of bank accounts, spending entities must advise Treasury immediately of any change to the officers responsible for bank accounts and approved signatories. Any change to the specimen signatures referred shall be similarly advised to the bank by the Minister and copied to the Auditor General. The procedure for changes to a bank account is outlined in *Instruction I, Bank Account Procedures Manual*

