



Date:

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Dear Minister

[year] Annual Revenue and Spending Plan ("Annual Plan")

The Ministry of Finance advises that in accordance with Section 23 of the PFM Act, Regulation #3, Paragraph 8 and Regulation #6 all Ministries and agencies are required to submit to the Ministry of Finance an Annual Revenue and Spending Plan within 30 days of submission of the proposed budget to Parliament.

The proposed budget was submitted to Parliament on the [Date], so therefore we require the Annual Plan to be prepared and submitted to the Budget Director, Budget Department, Ministry of Finance no later than the [Date].

The attached template includes your Ministry's [year] annual proposed revenue estimates (if applicable) and expenditure budget. You are required to forecast your Ministry's anticipated revenue collections and expenditure for each month. Attached to the template are instructions on how to complete the Annual Plan.

Please contact the Budget Department, Phone: XXXXXXXXX Ministry of Finance if you require assistance.

Yours sincerely,

Minister for Finance



Annual Revenue
Spending Plan-Final.xl
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Instructions for completion and on-going management of the Annual Revenue & Spending Plan (“Annual Plan”)

1. Background

In accordance with Section 23 of the PFM Act and Regulation #3 Paragraph 8, Establishing Year End Budget Procedures the Annual Plan is required to be prepared each year and forms part of the annual budget preparation process.

The annual budget and revenue estimates are required to be forecast on a monthly basis. This will assist in monitoring and forecasting the Hirshabelle state of Somalia cash flows. In addition, the annual plan will be used as the basis for budget allocations. It is therefore important to ensure that the forecast of budget expenditure and collection of revenue is accurate, monitored and kept up to date. It is a requirement under Section 23 of the PFM Act to review this Annual Plan monthly and submit any changes to the Minister for Finance for approval within seven (7) days preceding the month in which the commencement of the variance/s to the Annual Plan applies.

Within 30 days of submission of the proposed budget to Parliament the Minister of Finance shall require all Ministries and Heads of Spending Agencies to prepare their annual spending plans and timing of revenue inflows (in the case of revenue generating entities) broken down by month.

Within seven (7) days of the budget having been approved by Parliament, the Budget Department will update the Annual Plan with the appropriated budget figure and send out to Ministries and Head of Spending Agencies for updating the monthly forecast figures. This will be required to be updated and submitted to the Budget department within seven (7) days of receiving the Annual Plan for updating.

2. Preparation of the Annual Plan

The Annual plan template shows:

- Code (at appropriated budget level)
- Account description
- Annual Budget (will state “proposed” or “appropriated”) – entered in by the Budget Department
- Monthly Columns (January to December).

2.1. Proposed Budget Forecast

- a) The proposed budget figures (column D) are entered into the Annual Plan by the Budget Department.
- b) Ministries and Agencies are required to forecast their revenue and expenditure for each month (January to December). This can be based on prior year revenue collection trends and anticipated spending, i.e. salary and wages will be pro-rata unless recruitment is carried out

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during the year, utilities costs pro-rata and travel costs forecast for the month/s the travel is expected to occur

- c) Any variances between the forecast total (column E) and the proposed budget total will show with the forecast figure (column E) highlighted in red. This variance needs to be reviewed and corrected. *Note: the annual forecast figure must agree to the proposed budget and estimates.*

2.2. Appropriated Budget Forecast

- a) The Annual Plan for each Ministry and Agency is updated with the appropriated budget figures (column D) by the Budget Department. *Note: The forecast figures for each month based on the proposed budget will remain unchanged. Where the forecast budget and the appropriated budget differ, the Annual Plan will show the forecast figure (Column E) highlighted in red. Any variances between the forecast total (column E) and the proposed budget total will need to be reviewed and corrected. **Note: the annual forecast figure must agree to the proposed budget and estimates.***
- b) Ministries and Agencies are required to review their Annual Plan, update the forecast figures ensuring the forecast and budget figures agree.

Note: The budget allocations will be based on these monthly forecast figures, so Ministries and Agencies must ensure their forecasts are accurate.

2.3. Monthly Review of Annual Plan

- a) Ministries and Agencies are required to monitor their Annual Plan and review monthly.
- b) The Budget Department will provide each Ministry and Agency with a report from the FMIS showing their budget and actual spending within 1 day after the end of each month.
- c) Ministries and Agencies will update their Annual Plan with any changes to their budget figures, review their forecast figures and update where necessary
- d) Revised annual plans are submitted to the Budget Department within the legislative timeframe.