



HIRSHABELLE STATE OF SOMALIA
Public Financial Management Law, 2018

Applicable from
31 March, 2018

Instruction I
Operation of Bank Accounts
Procedures Manual

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Table of Contents

1. TABLE OF ACRONYMS	3
2. INTRODUCTION.....	3
2.1. PURPOSE	3
2.2. AUTHORITY, DISTRIBUTION AND MAINTENANCE OF THE MANUAL	3
2.3. LEGISLATIVE AUTHORITY	3
3. RESPONSIBILITIES	3
3.1. Ministers Responsibilities.....	3
3.2. Treasuries Responsibilities	4
3.3. Ministries and Departments Responsibilities.....	4
4. BACKGROUND.....	5
5. SIGNATORIES	5
6. BANK REGISTER.....	5
7. PROCEDURES	6
7.1. OPENING A BANK ACCOUNT	6
7.2. CLOSING A BANK ACCOUNT	7
7.3. CHANGES TO A BANK ACCOUNT	8
8. ANNUAL REVIEW AND UPDATE	9
ANNEXURE A- SIGNATORY CATEGORY.....	11
ANNEXURE B – OPENING OF A BANK ACCOUNT.....	12
ANNEXURE C – CLOSING OF A BANK ACCOUNT.....	13
ANNEXURE D – CHANGES TO A BANK ACCOUNT	14

1. TABLE OF ACRONYMS

FMIS	Financial Management Information System
Minister	Minister for Finance
PFM Act	Public Financial Management Law, 2018
TSA	Treasury Single Account

2. INTRODUCTION

2.1. Purpose

2.1.1. This Operation of Bank Accounts Procedures Manual has been prepared for use as a reference source for the Hirshabelle state of Somalia officers involved in the Treasury operations.

2.1.2. It is vital that everyone involved in the management and recording Government bank accounts should have ready access to information to enable them to meet their immediate responsibilities and also to be aware of their role in managing the operations of the Hirshabelle state of Somalia bank accounts. Staff in all ministries and agencies need to have available to them this information to ensure compliance with procedures as outlined in the Manual. This manual does not cover the reconciliation of bank accounts.

2.2. Authority, distribution and maintenance of the manual

2.2.1. The authority to issue and maintain this manual lies with the Treasury department and will be issued as an Instruction in relation to Regulation #5. Managers have the right and duty to regularly review and suggest amendments to the manual but not exercise them until they are formally approved by the appropriate organizational authority, i.e., Treasury department.

2.2.2. This bank account procedures manual will be available from the Ministry of Finance in hard copy and in (not editable) soft copy. It is advisable that a hard copy of the manual be available for the users in their departments.

2.2.3. Any changes to this manual must be tracked and recorded accordingly for future reference. Any future update must indicate the date of update as well as amending the version number of this manual.

2.3 Legislative Authority

2.3.1. In preparing this manual reference is made to the Public Finance Management Law, 2018, Establishment of the Ministry of Finance Law, 2018 and Regulation #5, Cash Management and Banking Arrangements, and should be read in conjunction with these documents

3. RESPONSIBILITIES

3.1. Ministers Responsibilities

3.1.1. In accordance with *Section 5.1 (h) of the Establishment of the Ministry of Finance Law, 2018*, and Section 29 of the PFM Law, 2018, the Minister for Finance is responsible for

- (a) Safeguarding the cash assets and managing bank accounts of the Hirshabelle state of Somalia Consolidated Fund.
- (b) Providing prior written authorisation for the opening of any bank account of the Hirshabelle state of Somalia whether in or outside of Somalia.
- (c) Providing prior written authorisation for the closing of any bank account of the Hirshabelle state of Somalia whether in or outside of Somalia
- (d) Authorise the signatories to a bank account.
- (e) Providing prior written authorisation for changes to any Hirshabelle state of Somalia bank account
- (f) Oversee the recording and management of all bank account details of the Hirshabelle state of Somalia
- (g) Oversee the reconciliation of all bank accounts of the Hirshabelle state of Somalia

3.2. Treasuries Responsibilities

3.2.1. Under the Minister's directive, Treasury's responsibilities shall be:

- (a) Processing all requests to open a bank account of the Hirshabelle state of Somalia
- (b) Processing all requests to close a bank account of the Hirshabelle state of Somalia
- (c) Processing the setting up of bank accounts in the FMIS and allocating a Chart of Accounts code to each bank account
- (d) Processing the recording the closure of a bank account in the FMIS by deactivating the code after final reconciliation
- (e) Provide the necessary signatories to the bank account as authorised by the Minister for Finance
- (f) Ensuring any balance of funds in a bank account that is being closed is transferred to the correct bank account as directed by the bank accounts responsible officer or a donor and as approved by the Minister for Finance
- (g) Reconciliation of all Hirshabelle state of Somalia bank accounts in the FMIS
- (h) Processing all changes to the bank account, and updating the bank account register accordingly
- (i) Maintain a bank account register to record all details of bank accounts of the Hirshabelle state of Somalia, including a register of bank account signatories
- (j) Regular review of the bank account register to ensure kept up to date at all times

3.3. Ministries and Departments Responsibilities

3.3.1. Ministries and Department responsibilities are:

- (a) Obtain prior authorisation from the Minister for Finance to open a bank account, submitting the necessary forms as outlined in this Regulation
- (b) Obtain prior authorisation from the Minister for Finance to close a bank account, submitting the necessary forms as outlined in this Regulation
- (c) Submit any changes to a bank account to the Minister for prior approval.

4. BACKGROUND

4.1. In accordance with *Part 29 of the Public Finance Management Law, 2018 (PFML)* and *Regulation #5, Paragraph 3*, this manual outlines the procedure for the opening, closing and management of all Hirshabelle state of Somalia bank accounts.

4.2. Bank Accounts may only be opened at the Government's financial institution where the Treasury Single Account (TSA) is held unless the Minister approves otherwise. The financial institution / Bank is to be advised of this and are expected to adhere to it. Opening, closing and changes to all Hirshabelle state of Somalia bank accounts requires the approval of the Minister by submitting the relevant forms which are attached as Annexures to this manual. All details in regard to opening, closing and changes of bank accounts are to be provided to the Auditor General and the Cash Management Department.

5. SIGNATORIES

5.1. There shall be at least two (2) signatories of each Hirshabelle state of Somalia Bank accounts. The primary signatory from Panel A & Panel B shall always sign with the alternative signatories signing in the event that either or both primary signatories are not available. At no time can two (2) signatories from the same panel sign. **Annexure A** provides an outline of the signatory details

5.2. Signatories to all Hirshabelle state of Somalia bank accounts must work within the Ministry of Finance. No signatory shall be provided by a Ministry or Department unless required by the donor, in writing, to which the bank account is being opened and shall be subject to prior authorisation by the Minister. If authorisation is granted for a signatory from a Ministry other than the Ministry of Finance, the second mandatory signatory to the account must be from the Ministry of Finance. This policy of allowing one signatory from a Ministry other than the Ministry of Finance must be viewed as being applied in exceptional circumstances only. For any such departure from standard policy, the Minister must clearly indicate the reasons on the approval document.

5.3. If there are any changes to signatories of Hirshabelle state of Somalia bank accounts, the change of signatory form, **Annexure D**, must be completed and forwarded to the Minister for approval and updating of the FMIS and bank register accordingly.

6. BANK REGISTER

6.1. A bank register is required to be managed by the Cash Management staff, Treasury to record all details of Hirshabelle state of Somalia bank accounts. The format shall be in softcopy format protected by a password to restrict editing and access to designated Cash Management staff, Treasury only. Details be recorded in the bank register are:

- (a) Name, address and branch of the bank/financial institution where the account is held
- (b) Name of the officer responsible for operating the bank account
- (c) Names and designation of the authorized signatures (and specimen signatures)
- (d) Type of account and type of funds proposed to be held in the accounts, i.e. name of donor
- (e) Purpose of the bank account
- (f) Date the account opened.
- (g) Date account to be closed (if known),
- (h) Account code allocated to the bank account as set up in the FMIS

7. PROCEDURES

7.1. Opening a Bank Account

7.1.1. Ministries and Agencies concerned shall submit a written request in the prescribed form, **Annexure B**, to the Minister for Finance giving reasons & purpose for the opening of the bank account and providing the following detail:

- (a) Name and location of the bank where the account is to be opened;
- (b) Name of the officer(s) responsible for operating the bank account;
- (c) Names and designation of the authorized signatories (and their specimen signatures);
- (d) Type of account and type of funds proposed to be held in the account, i.e., Treasury, donor, Trust funds;
- (e) Purpose of the bank account and proposed duration the account will be required to be open. (if known)
- (f) Any other relevant details that are relevant to support the opening of the bank account

7.1.2. The Minister has the right to seek further clarification or information from the concerned Ministry/Agency and hold back the decision to open the bank account until further information has been received to support the opening of the bank account.

7.1.3. The Minister, if satisfied with the reasons provided for opening of the bank account, shall grant his authorisation by signing the form

7.1.4. Once the opening of the bank account is authorised by the Minister, the Cash Management staff, 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. The instructions shall be in letter format requesting the bank account to be opened, referencing to the bank details and signatories in the accompanying forms. The bank shall be requested to confirm in writing when the bank account has been opening, providing the bank account details.

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7.1.5. The Cash Management staff, Treasury will enter the proposed bank details in the bank register to record that the request to open the bank account has been forwarded to the bank

7.1.6. Once notification has been received from the bank by Cash Management staff, Treasury that the bank account has been set up, the Cash Management staff, Treasury will complete the Chart of Accounts maintenance form and forward to the ICT System Administrator who will:

- (a) Arrange for the bank account to be set up in the FMIS, noting the FMIS code on the form, sign and date the form. Takes a copy of the application form and bank advice, and gives the files with the chart of accounts maintenance form to the Treasury Department.
- (b) Forward the original application form to the Cash Management staff, Treasury.

7.1.7. The Cash Management Unit will:

- (a) Process setting up the new bank account details in the bank register
- (b) Forward a copy of the application form¹ and the advice from the bank to the relevant Ministry / Agency
- (c) Place the application form, **Annexure B** on file along with the bank advice.

7.2. Closing a Bank Account

7.2.1. When the purpose for which the bank account was opened has been fulfilled, such as completion of the project, the person responsible for the bank account concerned shall submit a written request, **Annexure C** to the Minister for closure of the bank account along with the following documents:

- (a) Latest bank statement showing the balance in the bank account on the proposed date of closure
- (b) Up-to-date Account statement of the project (if applicable) for which the bank account was opened
- (c) Written confirmation from the Donor or relevant party that the bank account is no longer required and is to be closed;
- (d) Written confirmation that all debts have been paid and nothing is due and that all revenues due have been collected. If not, provide list of outstanding debts and revenues;
- (e) Copy of the agreement with the donor, if any, to establish mode of disposal of unspent balance in the bank account. (if applicable).

7.2.2. The Minister shall examine the request for the closure of the bank account with reference to the supporting documents as per paragraph (1) above and take the following action:

¹ the application form will provide the Department with the Bisan code for the new bank account

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- (a) Seek further clarification or information from the concerned Ministry/Agency/donor and hold back the decision to close the bank account until further information has been received to support the closure of the bank account
- (b) Authorise the closure of the bank account;

7.2.3. If the Minister authorises the closure of the bank account, he will sign the form and forward all details to the Treasury Department to complete the final bank reconciliation

7.2.4. Once the bank has been reconciled, Treasury shall forward all details onto the cash management staff, Treasury who shall issue written instructions to the bank to close the account and transfer the balance (if applicable) to the TSA or any other account as per direction the Minister as outlined in the closure of bank account form and supporting documents. The instructions shall be in letter format requesting the changes to the bank account. The bank shall be requested to confirm in writing when the changes to the bank account have been actioned

7.2.5. Once written confirmation is received from the bank that the account has been closed and the balance of funds held in the bank account (if any) have been transferred as instructed, the cash management staff, Treasury will complete and Chart of Accounts maintenance form and forward all documents to the Treasury Department who will action the transfer of funds and closure/inactivation of the bank account in the FMIS.

7.2.6. Treasury shall complete a final reconciliation (to nil balance) and close the corresponding account code within Bisan, arrange for the transfer of the balance of the account to the designated bank account (if applicable). A copy of the bank statement and the bank closure form is filed with the Chart of Accounts maintenance form

7.2.7. The Cash Management staff, Treasury will update the bank register, recording the date of closure and the details of the transfer of the balance of funds (if applicable).

7.3. Changes to a Bank Account

7.3.1. As part of ongoing maintenance of bank accounts, Ministries / Agencies must advise the Treasury Department immediately of any change to the bank accounts including approved signatories.

7.3.2. The responsible officer prepares the “*Change of Bank Details*” form **Annexure D**, obtaining details of the change to the bank account and if change in signatories, signatures of the new signatories advising of the reason for change and must include:

- (a) Bank account name
- (b) Bank account number
- (c) Details of the requested change to the bank account
- (d) Details of changes, i.e. previous signatory, new signatory providing a specimen signature for each new signatory, completing the change of signatory form
- (e) Effective date of change

7.3.3. The Ministry /Agency forwards the form and necessary supporting documentation to the Minister, who upon receipt shall review the request and may seek further clarification or information from the concerned Ministry/Agency/donor and hold back the decision to approve the changes until further information has been received

7.3.4. If satisfied with the reasons provided for changes to the bank account, shall grant his authorisation by signing of the form

7.3.5. Once the changes to the bank account is authorised by the Minister, the Cash Management staff, Treasury shall issue written instructions to the bank to effect the changes. The instructions shall be in letter format requesting the changes to the bank account. The bank shall be requested to confirm in writing when the changes to the bank account have been actioned

7.3.6. Once advice is received from the bank that the changes to the bank account have been made, the Cash Management staff, Treasury will update the Bank register with details of the changes to the bank account.

8. ANNUAL REVIEW AND UPDATE

8.1. In December each year, the Cash Management Unit will conduct a review of the bank register and all government bank accounts. The review will cover the following key issues:

- (a) The continuing need for the bank account
 - (b) Confirm with the officer responsible for the bank account that all authorised signatories recorded in the register are correct
 - (c) Adequacy of the control and administration of the bank account.
 - (d) Allocation of an FMIS code
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(e) Yearly confirmation request of banks to confirm name and account numbers of all bank accounts registered in the name of the Hirshabelle state of Somalia

8.2. Departments/Ministry/Agency must respond within 7 days to requests for any information required to carry out the review.

9. ENTRY INTO FORCE

9.1 This Instruction 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



ANNEXURE A- SIGNATORY CATEGORY

Panel A

OFFICER NAME	SIGNATORY DELEGATION	POSITION TITLE	SIGNATURE
1.	Primary		
2.	Alternative		

Panel B

OFFICER NAME	SIGNATORY DELEGATION	POSITION TITLE	SIGNATURE
1.	Primary		
2.	Alternative		

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ANNEXURE B – OPENING OF A BANK ACCOUNT



Annexure B -
Opening of a bank ac

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ANNEXURE C – CLOSING OF A BANK ACCOUNT



Annexure C - Closing
of a bank acct.docx

ANNEXURE D – CHANGES TO A BANK ACCOUNT



Annexure D - change
to bank account.docx

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