



FEDERAL REPUBLIC OF SOMALIA
OFFICE OF THE AUDITOR GENERAL

ANNUAL PERFORMANCE REPORT **2022**

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Abbreviations

AFROSAI-E	African Organization for English-speaking Supreme Audit Institutions
AG	Auditor General
AOAP	Annual Overall Audit Plan
ARABOSAI	Arab Organization of Supreme Audit Institutions
BFC	Budget and Finance Committee
EU	European Union
FGS	Federal Government of Somalia
FMS	Federal Member States
FRS	Federal Republic of Somalia
HR	Human Resource
ICT	Information and Communications Technology
IDI	INTOSAI Development Initiative
INTOSAI	International Organization for Supreme Audit Institutions
IS	Information Systems
ISSAIs	International Standards for Supreme Audit Institutions
IT	Information Technology
MDAs	Ministries, Departments and Agencies
NDPs	National Development Plans
OAGS	Office of the Auditor General of Somalia
PFM	Public Financial Management
RNE	Royal Norwegian Embassy
S-SEAT	Somalia SAI Enhancement Audit Tool
SAI	Supreme Audit Institution
PMF	Performance Measurement Framework
SDGs	Sustainable Development Goals
SFMIS	Somalia Financial Management Information System
WB	World Bank
ACAR	Annual Compliance Audit Report
IPSAS	International Public Sector Accounting Standards
TAI	Transparency, Accountability and Inclusiveness



MESSAGE FROM THE AUDITOR GENERAL



I am pleased to present our Annual Performance Report for the year ended 31st December 2022. It coincides with the end of the legacy Strategic Plan (2017-2022) of the Office of the Auditor General of Somalia (OAGS).

The OAGS is the Supreme Audit Institution (SAI) of Somalia. The OAGS is mandated to conduct audits of the federal public institutions, ministries, departments, agencies (MDAs), and enterprises in which the Federal Government has controlling interests excluding the Federal Member States (FMS), which have their own offices of the Auditors General and parliaments under the current federal arrangement as outlined in the Provisional Constitution. Audits conducted by the OAGS in the recent past have included financial audits, compliance audits, information systems (IS) audit, special audits, and program and projects audits. In the coming years, the OAGS will be conducting performance audits as well.

Our ambitious Strategic Plan for 2017 – 2022 ended successfully on the 31st December 2022. The original three-year Strategic Plan of 2017 – 2020 was extended for two more years to 31st December 2022. The plan gave the office direction and vision for modernization of the OAGS into a modern SAI, and has led to the successful adoption of International Standards of Supreme Audit Institutions (ISSAIs). This report shows that we have made substantial progress in achieving the goals and objectives of our Strategic Plan in the

recent past.

During 2022, the OAGS submitted an Annual Compliance Audit Report (ACAR) on twenty-nine (29) selected reporting entities of the Federal Government of Somalia (FGS) and two (2) embassies for the financial year ended 31st December 2021. This was the fourth year that the OAGS submitted the ACAR to the Parliament.

Additionally, an audit was conducted of the financial statements of the FGS, as submitted for audit by the OAGS for the financial year ended 31st December 2021, and an audit opinion was issued and published. This too was the fourth time in the history of Somalia, that financial audits of the annual financial statements of the FGS were conducted using ISSAIs. These audited financial statements were prepared using the Cash-basis International Public Sector Accounting Standards (IPSAS).

Furthermore, the OAGS conducted 2 special audits during 2021. The first one was on Transparency, Accountability and Inclusiveness (TAI) following mobilization of external financial assistance in response to the COVID-19 pandemic. The second special audit focused on internal government procedures of projects funded by the international financial institutions (IFIs).

We also conducted audits of 18 World Bank (WB) financed projects and 5 projects financed by the African Development Bank (AfDB). These reports were also issued.

For the first time in the history of Somalia, we conducted an information systems (IS) audit of the Somalia Financial Management Information System (SFMIS). The audit revealed significant weaknesses and made several recommendations to the Office of the Accountant General for addressing the weaknesses. The SFMIS is the core public financial management system for Somalia, and its business owner is the Office of the Accountant General. It is used for management of public funds of the FGS, and it is also the system for processing financial information.

All the audit results were issued to the Parliament with copies of the reports submitted to the Offices of the President and the Prime Minister and published subsequently in Somali and English languages. These reports attracted a lot of interest, both locally and internationally.

It is our hope that the Parliament will review them and

take appropriate actions to strengthen accountability and transparency in the use of public funds for service delivery, and also to complete the accountability cycle. The scrutiny of these audit reports is supposed to be carried by the Budget Finance Committee (BFC) of the parliament and make recommendations for implementation by the MDAs. Following the submission of audit reports during 2022, the parliament now has audit reports for four years (financial years of 2018, 2019, 2020, and 2021) to scrutinize and ensure that the recommendations are implemented in a timely manner.

The other notable achievement during the year was the establishment of a Quality Assurance Department (QAD) in the OAGS. This follows one of the recommendations of quality assurance assessment conducted by African Organization of English-speaking Supreme Audit Institutions (AFROSAI-E) in the previous years. It was also one of the key priorities for 2022 to ensure quality control systems and practices in the Office are working effectively for better audit service delivery. We will continue to build on this in the coming years.

One other major achievement during 2022 was the development of a new 5-Years Strategic Plan (2023-2027). Unlike the previous Strategic Plan, the new one has 7 Strategic Goals and builds on lessons learnt from implementing the legacy Strategic Plan, and also builds on past achievements. Among other priorities of the Plan, the intention is to continue rapidly building professionalism and internal capacity within the OAGS in the coming years. We thank all stakeholders, both the FGS and the international community, for proactive participation in developing the new Strategic Plan. We hope for your continued support towards the implementation of the new Strategic Plan (2023-2027).

The Office continued fostering and strengthening relationships with key stakeholders through several meetings and engagements in the past year at the federal level, with audit offices of the FMS, the media, civil society as well as development partners. I have also participated in several international engagements both as the Auditor General (AG), and also as the current chairman of the AFROSAI-E Governing Board.

My leadership is currently focusing on building dedicated professional, and responsive staff. When given trust and responsibility, the staff are willing and able to take stronger initiative. Our progress overtime is a testament to our strategic and professional leadership, built around talented staff who are keen to see improvements. The number of staff of the OAGS has increased modestly to 114 as compared to 108 in 2021. In the coming years, we aim to increase our staffing level annually by recruiting about 10 staff each year.

With reference to the new audit bill, there was no progress during 2022. A new government was sworn into power during 2022. Although the new audit bill was passed by Parliament in December 2020, it has not yet been assented to by H.E. the President. It is still our hope that the current president assents to it as this will enable us to transition from an institution operating under an outdated twentieth-century law, into a modern SAI.

During the past year, our Office continued to receive financial assistance from the Federal Government of Somalia. Furthermore, additional financial and technical support were received from various development partners, such as the Royal Norwegian Embassy (RNE) (through INTOSAI Development Initiative (IDI) and AFROSAI-E); the European Union (EU); and the World Bank (WB) which have enabled several activities to be initiated and concluded during the year. In 2022, the number of advisors and consultants on the ground remained at seven for most of the year but, reduced somewhat by the end of the year. These advisors were deployed through the EU Budget Support Technical Assistance (BSTA) Program, and through the World Bank. Together with peer support from IDI and AFROSAI-E, these advisors and consultants have made significant contributions to the OAGS during the year.

Finally, I am most grateful to our dedicated staff, and also for the continued assistance we receive from our various stakeholders. I am confident that this commitment continues to assist us in achieving our objective of increased accountability and transparency for the efficient management of public resources and accountability by the FGS. The overall success and attainment of our Strategic Plan objectives continue to require determined and sustained efforts, commitment, and loyalty on the part of both management and staff. Additionally, we will also rely on the cooperation and support of our stakeholders, particularly the legislature, H.E. the President, the executive branch of the Government, the general public and the international community.



H.E. Mohamed M. Ali
Auditor General, FRS

1. INTRODUCTION

1.1. The Annual Performance Report

This performance report illustrates the performance of the Office vis-à-vis its goals for two financial years ended 31st December 2021 and 2022 which is the period for the extended Strategic Plan. It presents the progress in completing various strategic goals stated in the Extended Strategic Plan, and it also includes performance indicators that help assess the productivity, quality, and value of our work.

There is also a section that focuses on the annual performance of the Office for the financial year ended 31st December 2022 based on the agreed Operational Plan for the year ended. It provides specific information on the progress we have made on the delivery of our mandated services, outcomes and on our financial performance. By reporting on the activities, we seek to promote accountability, transparency and good governance in compliance with INTOSAI-P-20 – Principles of Transparency and Accountability.

1.2. The desired outcomes

The ultimate outcome we seek is for the parliament and Somali citizens have trust and confidence in the public sector. For this to happen, the public sector has to perform well and provide reliable, meaningful, and timely information for it to be held accountable. Through the audits we conduct, we have a fairly good overview of the whole public sector. This gives us a unique position from which to influence improvements with regard to economy, efficiency and effectiveness in the public sector's performance, and the management and accountability systems in which it operates.

1.3. Our Strategic Preference

1.3.1. Serving the Public Interest

Based on risk assessments, the focus of our audit efforts is on areas of high risk and of public interest. Together with advice provided to MDAs, our audit reports assist the management of respective MDAs in improving governance and control environments in the use of public resources entrusted to them for service delivery.

1.3.2. Serve the House of Parliament

We support the work of the parliament by providing accurate, relevant, reliable and timely audit reports. These reports focus on the use and accountability of public resources. We strive to provide objective and independent audit reports. This enables the parliament to hold the government accountable for its performance and stewardship over public funds.

Our Office aims to do this by ensuring that we carry out our work in line with international best practices and applicable laws. We carry out work that is relevant, we continuously improve the quality of our work, and communicate our audit findings objectively in a transparent and accountable manner.

1.3.3. Enhance Governance Performance

We aim to promote good governance and improve government performance. We contribute to accountability and transparency by conducting audits that result into practical recommendations for significant improvements and value-addition.

1.3.4. Strengthening Public Transparency and Accountability

We provide the parliament with independent opinion on the integrity of financial statements submitted for audit by a public sector agency. The audit opinion and reports are critical for monitoring financial and operational accountability by respective public sector entities, to enable citizens to make better informed decisions on the use of public programs and strengthen internal administrative and external political accountability.

1.3.5. Supporting Sustainable Development Goals

The OAGS contributes towards achievement of sustainable development goals (SDGs) and supports the implementation of the 2030 Agenda for Sustainable Development of the FGS. The Office's regular audits contribute to enhancing accountability and achieving national SDGs. The audit opinion and recommendations also guide the actions needed to correct weaknesses identified, thus promoting transparency and good governance.

1.3.6. Office culture that reflects our values

We continue to nurture a conducive and thriving office culture that reflects the professional values of a modern SAI. Promoting access to skills, knowledge, a supportive work environment, and technology enables staff to embrace a culture of continuous improvement and professionalization in order to fulfill internal and external expectations of audit report users and to consistently provide high-quality audits in a timely manner.

2. ABOUT THE OAGS

2.1. Mandate

The OAGS's audit mandate is provided for in the legislation. The key legislation that governs OAGS' work is the Provisional Constitution of the Federal Republic of Somalia (FRS) and the audit law. According to the current audit law (Law no. 34 of 14/04/ 1972, Magistrate of Account) and Public Financial Management Act (Law no. 17 of 25/12/2019, PFM Act) the OAGS is responsible for auditing all revenues and expenditures, capital projects, grants, contracts, assets (movable and immovable property of the state) and public debt.

In accordance with Article 5 of Magistrate of Accounts, the OAGS also exercises prior control review on the legality of the acts of the public administration involving financial obligations on the part of the state in the manner. During the year ended 31st December 2022, the OAGS performed "prior control review" before expenditures were incurred. This is consistent with Article 11 of the Public Financial Management. This includes prior control review of expenditure warrants (F16), virements and supplementary budgets.

2.2. Vision

The OAGS vision is: ***"To be a leading supreme audit institution that is responsive, effective and efficient in promoting transparency and accountability in the use of public resources"***.

The vision is our long-term target. It drives us to improve continuously in order to establish ourselves as a reliable institution committed to fostering public accountability, transparency and integrity. Our vision, however, is not simply to act as a watchdog over other public sector institutions; rather, it is our deep-seated commitment to lead by example by becoming a model institution

that holds itself accountable and ensures the highest degree of transparency, integrity, and professionalism in its own operations.

2.3. Mission

The mission is: ***"To audit and provide recommendations for improvement of financial operations of the Federal Government of Somalia, and to provide high quality and independent audit reports to the Parliament with copies to the Office of the President and the Office of the Prime Minister"***.

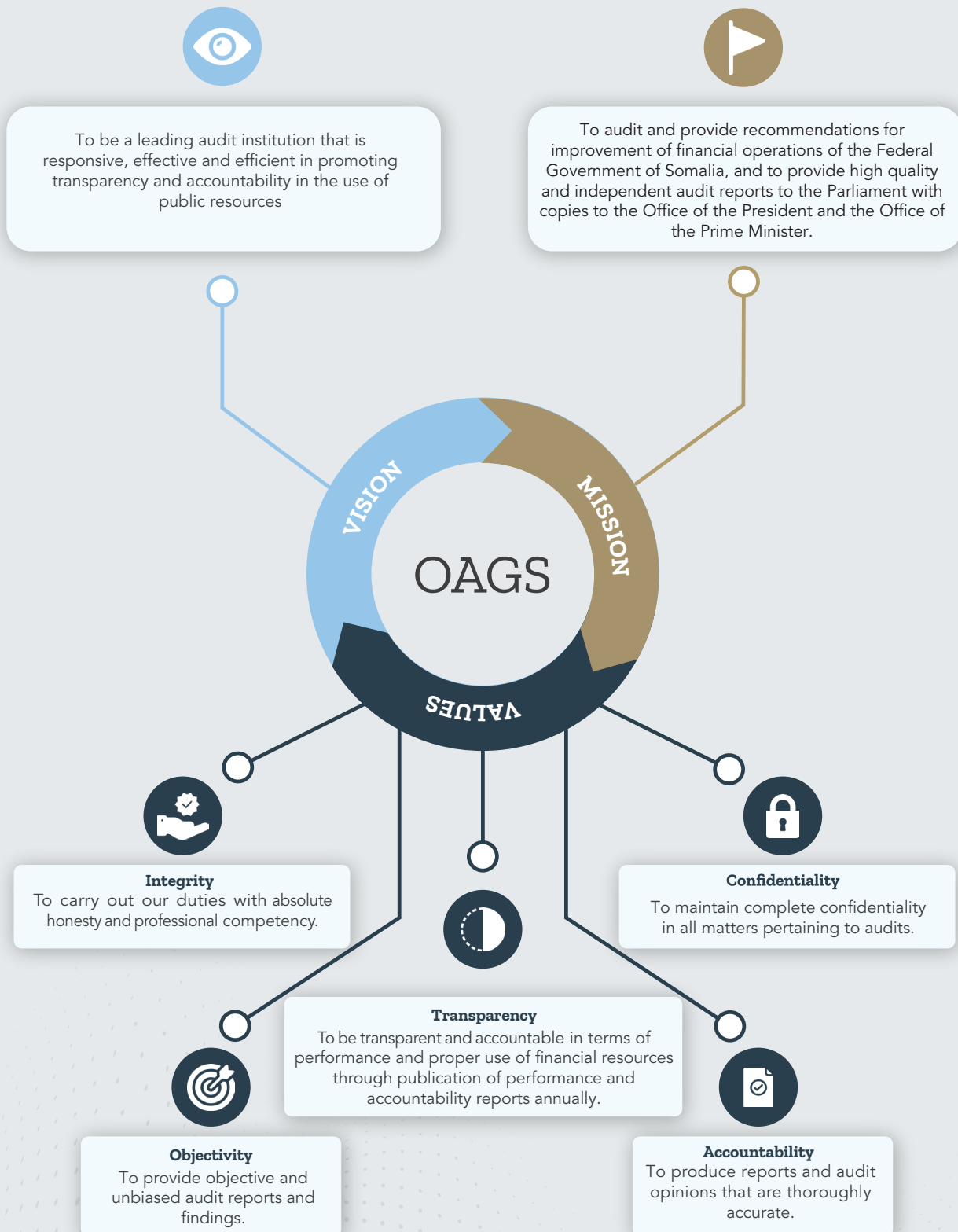
Our mission represents why we exist as an institution, for whose benefit, and how we propose to uniquely contribute to that larger purpose. Our recommendations and audit reports contribute to the efficient use of public funds in service delivery for our people. This binds us irrevocably to all other public institutions in the country in order to achieve the ultimate aim of improving the lives of the people. This would result in increased transparency and accountability regarding the use of public funds, an increase in public sector performance, the maintenance of credibility, the promotion of public trust, and the efficient use of public resources for the benefit of Somalia's citizens. Our mission involves producing easy-to-understand audit reports that explain best practices inside audited entities and make recommendations that, when implemented, will have a significant impact on the government's performance.

2.4. Values

Our Core Values always guide us in how we behave with each other as well as with our external stakeholders. They are the foundation of our organizational culture and impact individuals, as well as organizational performance. We believe that how we conduct ourselves daily, affects our individual self-respect, and the goodwill and reputation of the OAGS. Our core values are: (a) Integrity; (b) Transparency; (c) Objectivity; (d) Confidentiality; and (e) Accountability.

Figure 1 summarizes our Vision, Mission, and Values.

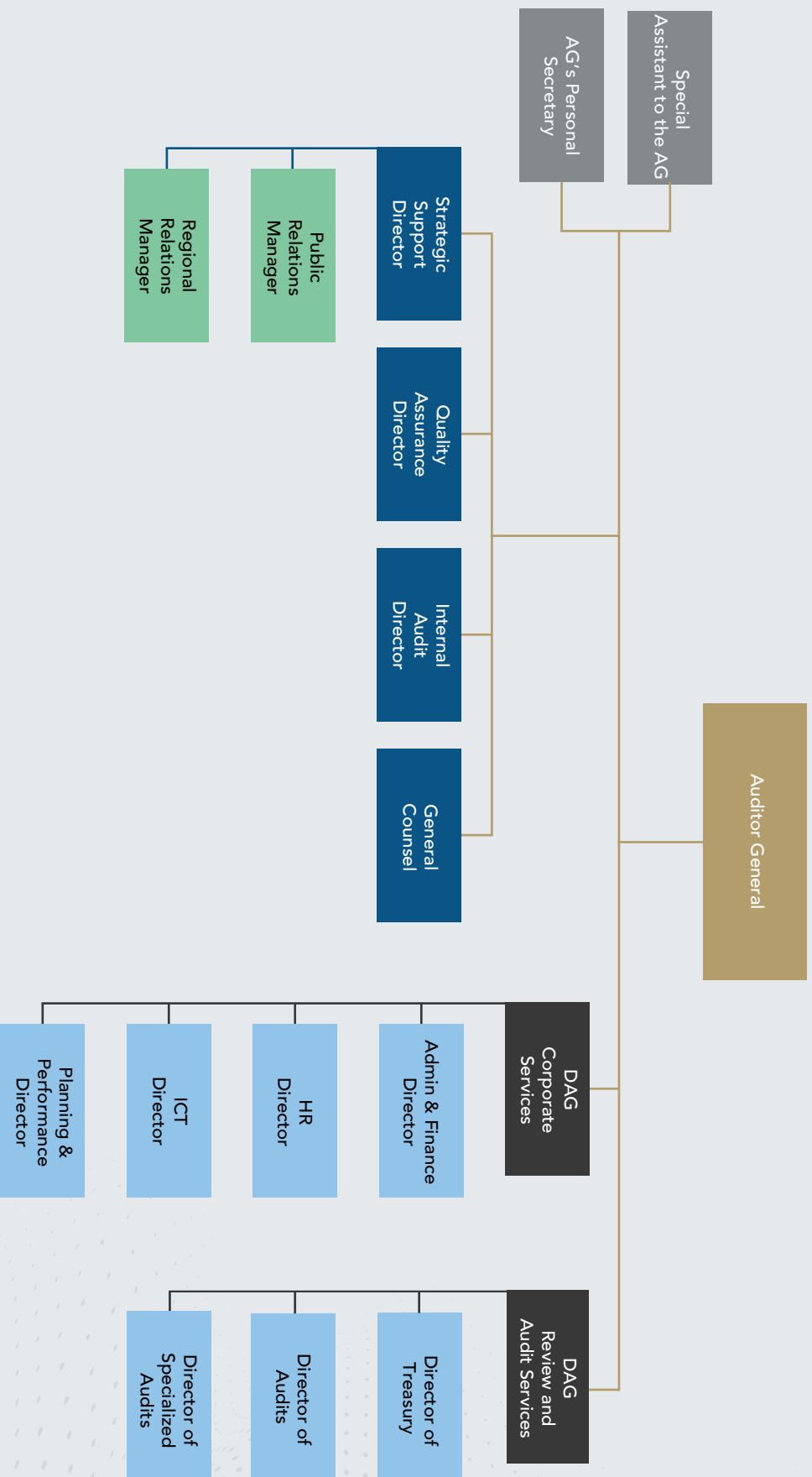
Figure 1: Vision, Mission, and Values



2.5. Organizational Structure

The OAGS has maintained the same organizational structure as in previous years. Nonetheless, it is planned that this will be amended when the Audit Bill passes into law. The proposed new organizational structure is depicted in the diagram below:

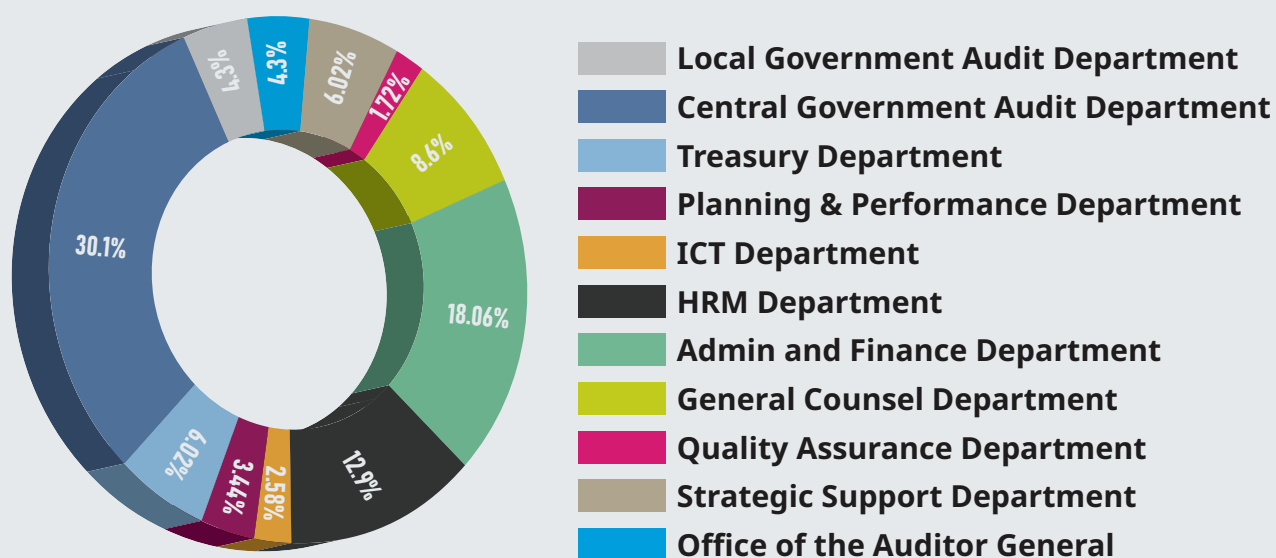
Figure 2: Organizational structure of the OAGS



2.6. Human resources

Figure below contains graphics and charts that demonstrate the number of staff members in OAGS in 2022 as well as their current status.

Figure 3: Staff numbers per department in the OAGS 2021

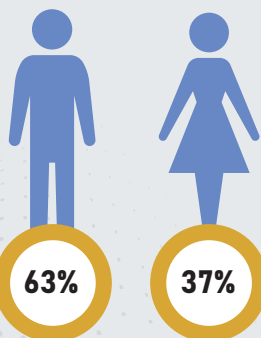


Number of Staff

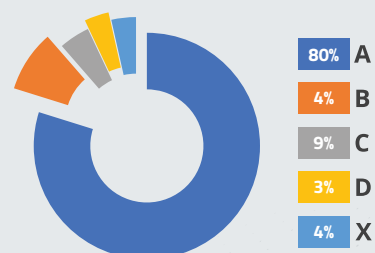
114



Gender



Grade Status



2.7. Crucial Success Factors

In order to ensure the effective development of the Strategic Plan, our institution is addressing a number of critical issues. These are listed below:

Being guided by our Core Values, Mission, Vision and Mandate in the daily activities

Our vision, mission, and values are underpinned by our code of conduct and policies on ethics and independence which outline the standards of behavior that are expected by all our OAGS staff. In 2022 the OAGS made a milestone change to upgrade the core values and adjusted to professionalism, innovation, collaboration, and making a difference that guide the daily activities.

That making sound for demonstrating competence, skills, and comprehensive judgment, responsibility, good conduct and behavior as well as upholding high standards of integrity, confidentiality and quality, also introducing new ideas, anticipating and responding to change. In addition, working together collaboratively, with compassion and humility and building healthy relationships with all stakeholders.

The reports we issue strengthen the accountability process, and the audit recommendations are aimed at improving the financial operations and accountability of government institutions. Adhering to our professional code of ethics and independence is crucial for providing useful and independent high-quality audit services.

Compliance with International Standards

In performing our work, we ensure that we comply with the ISSAIs, of the International Organization of Supreme Audit Institutions (INTOSAI) in line with the best practice guidelines for public sector auditing.

Effective Reporting

Over the past 4 years, we have produced comprehensive reports that are of high quality, and which demonstrate our comprehensive understanding of topics and issues. Our reports are published in English and Somali languages, and are intended to be easily understood by the OAG's target audience with the persuasion needed to draw support for the implementation of the recommendations of these reports. This effective reporting requires the OAGS to establish a close working relationship with its stakeholders including the BFC of the parliament.

Communications and Stakeholder Engagement

The accomplishment of the Office's critical measure on a coherent, well-coordinated, and strategic communication policy. A public relations unit supervises, participates in, and/or directs the execution of a wide variety of communication services, including strategic communications planning for internal and external stakeholders, management, media relations, document designing, website content, and social media content. The public will be more aware of the OAGS' efforts to improve government spending transparency and fiscal responsibility as a result of this policy.

Management leading by example

Strengthening institutional framework and staffing, as well as providing sufficient direction and leadership, are prerequisites for the successful implementation of any plan. This is important for management because it leads to the implementation of our strategic plan and guarantees that our component leadership and the performance staff managing these efforts have consistent, timely, and accurate performance data on which to base decisions about performance improvement and mission fulfillment.

Active use of Operational Plans and Action Plans

Annually, the Office prepares an Annual Operational Plan, an Annual Overall Audit Plan (AOAP), and other action plans at the beginning of each year. These plans, which are derived from our Strategic Plan, are important for guiding all staff since they specify who, when and what has to be done in relation to the activities included in the plans.

The OAGS uses the Annual Operational Plan to coordinate donor support. The plan has key performance indicators defined for each strategic objective to help measure progress, make mid-way corrections, and assess outcomes.

Monitoring and Evaluation

Through routine monitoring and evaluation (M&E), OAGS is able to track the performance of the activities it has committed to executing in accordance with the Strategic and Operational Plans. The OAGS prioritizes monitoring and evaluation as a means of strengthening the structure for managing results. Regular monitoring of the current activities is required to determine progress and implement corrective measures in a timely manner. Directors from each division met periodically throughout the year to discuss how they were keeping track of things and how they could monitor each other's work more effectively.

Periodic evaluations of the plans have also been conducted. With the involvement of peer team evaluations, we are able to determine the extent to which the strategy has been implemented successfully. This also makes it easier for us to hold ourselves accountable for achieving the originally outlined objectives.

Performance Reporting and Accountability Measures

Annual SAI Performance Reports have been compiled and disseminated to all of our key stakeholders. This reporting mechanism is anticipated to be integrated into the OAGS's Management Information System (MIS) within the next few years. In addition to annual monitoring, the Institutional Capacity Building Framework (ICBF) will be implemented.

It is essential to supervise and review the work of staff members throughout the auditing process to ensure that conclusions are supported by sufficient and pertinent audit evidence; thus, performance measurement is enhanced. This is done to ensure that the Office's policies and standards are adhered to, and that the reports are objective, fair, and balanced.

In addition to having well-established performance accountability measures, the Office provides a higher level of collective performance in order to increase accountability. The Office has:

- a. Installed security cameras to provide a sense of security;
- b. Implemented a daily attendance reporting system using biometric attendance machines, and code of ethics that all employees are required to sign. This has facilitated the management of OAGS staff activities and regular transparency, as well as improved our office's work culture by enforcing punctuality;
- c. Holding monthly, quarterly, and annual meetings at the departmental level.

3. AUDIT REPORTS ISSUED IN 2021-2022

The OAGS has placed a high and significant priority on broadening the coverage of the audits as well as improving the overall quality of the audits. The reports of the audit are issued and published in both the English and Somali languages.

3.1. Audit Reports Issued in 2021

3.1.1. Compliance audit report

The OAGS delivered Annual Compliance Audit Reports (ACAR) of the FGS to both the Upper House and the Peoples' House of the Parliament. Copies of these reports were also delivered to the offices of His Excellency the President and His Excellency the Prime Minister of Somalia. Based on the risk assessments for audit, the OAGS prioritized twenty-five (25) MDAs and three (3) embassies of the FRS. A report was uploaded to the website, and audits were carried out in accordance with the ISSAIs.

The purpose of the audit was to provide reasonable assurance that there is accountability and transparency in the management of resources by ensuring that there is strict adherence to the laws and regulations that the government has put in place to manage these resources. The assurance was intended to be provided through an audit. The subject matters included expenditure payment controls, procurement management, contract registration, opening bank accounts with the Central Bank of Somalia, asset management, and submission of annual financial statements for audit among others. Audit follow-up was also included in the report.

The audit found weak expenditure controls, poor asset management controls, procurement, and contract management, poor placement of mission staff in foreign embassies, use of embassy revenues at source, some donor funds and donations not transferred through the country system (i.e., national budget and SFMIS), and poor accountability in the issuance of licenses for weapons, arms, and private security companies. These indicate internal control failures in audited MDAs.

3.1.2. Financial Audit Report

The Accountant General's Office submitted financial statements of the FGS for the financial year that ended on December 31, 2020, using the Cash Basis IPSAS. There were also 9 other MDAs who submitted their financial statements that were also audited. The audits were conducted using the ISSAIs and Independent audit opinions were issued and submitted to the Parliament with copies to the Office of the President and the Office of the Prime Minister. The audit report and audited financial statements were published simultaneously.

3.1.3. Audit of externally funded development projects

Audits are performed on a yearly basis as required by the respective financing agreements for projects funded by the WB and the AfDB. Audits of 19 different development projects were carried out by the OAGS for the financial year ended 31st December 2020. The OAGS was responsible for carrying out the audits with the assistance of audit firms that were contracted for the purpose, and the audits' primary focus was on annual project financial statements as well as compliance with all of the terms and conditions of respective grant agreements and project agreements.

3.1.4. Special Audit Report on TAI (COVID -19)

The focus of a special audit of funds mobilized in response to COVID-19 pandemic focused on "Transparency, Accountability and Inclusiveness" (TAI). In mobilizing conducted on the management and accountability of funds that were mobilized in response to the COVID-19 pandemic. The overall conclusion was that there was poor management and accounting for the resources that were mobilized in response to the COVID-19 pandemic. The overall conclusion was that the authorities of FGS did not comply with the laws and regulations regarding management and accountability of COVID-19 funds and needed to take appropriate steps to address the weaknesses identified.

3.2. Audit Reports Issued in 2022

3.2.1. Compliance audit report

In 2022 the OAGS submitted for the fourth year a ACAR. The delay in the submission of this Report is mainly attributed to the impact of COVID-19 and political situation. The ACAR covered twenty-nine (29) MDAs, and two (2) embassies that were audited for the financial year ended 31st December 2021. The audits focused on compliance with laws, regulations, and best practices.

The main objective of the audit was to offer a reasonable assurance that there is accountability and transparency in the management of resources through strict adherence to the laws and regulations that the government put in place to manage these resources.

The following were the key audit subject matters that were selected: (a) Asset management, (b) Internal

controls, (c) Management and accountability of issuance of licenses and implementation of the Media Act, (d) Opening of bank accounts, (e) Personnel management for services provision in embassies, (f) Procurement management and registration of contracts/agreements, (g) Revenue management, and (h) Use of a country system for external support.

The audit findings reflected in this report are for those issues that could not be resolved during the audit process and require action by management and authorities of the MDAs, and embassies audited. The report also contains practical audit recommendations aimed at addressing issues raised. Based on evidence obtained during the course of the audit, the overall conclusion is that many of MDAs were not complying with the applicable criteria.

3.2.2. Financial audit report 2022

For the fourth year, the OAGS conducted a financial audit of the financial statements of the FGS for the year ended 31st December 2021 that was submitted by the Accountant General's Office. The financial statements submitted for audit were prepared using the Cash Basis IPSAS. The OAGS conducted the audit of the annual financial statements of the FGS using the ISSAIs. A disclaimer opinion was issued on the financial statements audited, and the audit report was submitted to both houses of the parliament with copies were also submitted to the Offices of H.E. the President and H.E. the Prime Minister. A disclaimer opinion was issued on the financial statements because certain information was not made available to enable the Auditor General to form an opinion whether or not the financial statements show a true and fair view based on Cash Basis IPSAS. There were no other alternative audit procedures. The audit report was published alongside the audited financial statements.

3.2.3. Audit of externally funded development projects

These audits are conducted annually in accordance with the respective financing agreements for projects, principally funded by the WB and the AfDB. Total of 23 different development projects were audited for the financial year ended 31st December 2021. The OAGS was responsible for carrying out the audits with the assistance of audit firms that were contracted for the purpose, and the primary focus was on annual project financial statements, and compliance with all of the terms and conditions of respective grant/project agreements.

3.2.4. Special Audit Report on TAI (COVID-19)

The OAGS carried 2 special audits during 2021. The first one was on Transparency, Accountability and Inclusiveness (TAI) following mobilization of external financial assistance in response to the COVID-19 pandemic. The second special audit focused on internal government procedures of projects funded by the IFIs.

On TAI (COVID-19) pandemic, this was the second special audit, and focused on the financial year ended 31st December 2021. The implementation of COVID-19 responses was largely outsourced to the UN agencies, the subject matters focused on limited procurements managed by the FGS and management of contracts entered into with the UN agencies.

Relating the review of internal government procedures for the identification and approval of projects funded by IFIs in recent times. The primary question that was looked into was whether or not there are sufficient internal government procedures for identification, approval, and monitoring of such projects. The conclusion of this audit's findings were the lack of documented internal cabinet procedures of the FGS, the Projects were not formally evaluated against National Development Plans (NDPs) and the UN Development Goals and no evidence that cabinet formally and regularly monitored implementation of projects that are financed by the IFIs.

It is recommended to develop internal procedures at cabinet level for identification, initiation, development, approval, and monitoring projects. The Projects are aligned with the NDPs and the UN Development Goals and formally monitored periodically, at cabinet and at high level to ensure consistency.

3.2.5. IS Audit of SFMIS

For the first time in the history of Somalia, and in line with ISSAIs, the OAGS conducted an Information Systems (IS) audit of the SFMIS. We noted several high-risk weaknesses in the following areas: (a) general IT controls; (b) application controls; (c) information security controls; and (d) business continuity arrangements. The OAGS have made several recommendations for the attention of the Ministry of Finance as the business owner of SFMIS to address these challenges. The IS Audit report on SFMIS was issued under separate cover.

4. PROGRESS AND RESULTS PER STRATEGIC GOAL 2021

4.1. Overall Goals of the Strategic Plan

The extended 2-years Strategic Plan (2021-2022) was based on the original 4-years Strategic Plan (2017-2020) and it provided for the achievement of our vision and mission that were specific, measurable, achievable, realistic and time-bound.

The strategic goals are the key interventions that we believe are required to achieve our mission and our vision. The activities identified in the Extended Strategic Plan were guided by top management in the OAGS, and were based on broad participation, engagement and consultation with relevant staff.

The six strategic goals were:

Our six strategic goals are:

- i. Timely, relevant and high-quality audit reports in line with international standards;
- ii. Strengthening internal governance of the OAGS for efficient and effective audit services;
- iii. Strengthen external communication and stakeholder relations to ensure audit recommendations are implemented and reports have an impact on governance and accountability;
- iv. Well qualified and professional staff and management;
- v. Sufficient infrastructure and ICT capacity for efficient operations;
- vi. Amend the old legal framework the OAGS currently operates under,

This OAGS Annual Performance Report highlights key outputs for each of the strategic goals from 2021 to 2022 that were achieved. Each strategic goal had identified indicators for accomplishments (usually the SAI PMF indicators). The scores were based on the Quality Assurance Review of the SAI report published in 2021. The scores were self-updated to better reflect the condition at the end of 2022. The score difference between the report and the current conditions, if any, will be independently reviewed by peers in early 2023.



Auditors participate in an advanced Financial Audit Manual training

4.2. Goal 1: Timely, relevant, and high-quality audit reports in line with international standards

To carry out its legal mandate of providing timely and high-quality audit services, the OAGS adopted and applied the ISSAIs for all audits. This was done to provide reasonable assurance that appropriate standards and audit manuals were in place and consistently applied. Since 2021, the OAGS has improved its use of ISSAIs for all audits through support from peer team (AFROSAI-E), and international consultants.

Expanding audit coverage of various types of audits; financial, compliance, and other special audits and raising the quality of audit reports have been OAGS's top priorities in recent years. A significant accomplishment in 2022 has been the submission of financial, compliance and special audit reports using ISSAIs, all of the auditors received training from peers and consultants in 2022 on how to improve the methodology and conform to international standards.

Table 1: Progress per objective for goal 1

Objective	Status by the end of 2021	Comments for 2022
An improved system for overall annual audit planning established and adhered to	<ul style="list-style-type: none"> An Annual Overall Audit Plan for 2021 was prepared using templates and guidelines based on OAGS audit manuals. There was regular monitoring and follow-up on the implementation of the overall audit plan during the year. For each audit conducted, detailed audit plans were also developed for guiding audit processes. 	<ul style="list-style-type: none"> The preparation for 2023 annual audit plan is delayed due to the late publishing of the annual audit reports for 2021. Developing the overall annual audit plan for 2023 taking into consideration overall risk assessment and compiling lessons learnt of previous years and PFM trends through job guidance from peer teams. After the approval the designated audit teams will create individual audit plans based on the approved Annual Overall Audit Plan for 2022.
Increased usage of ISSAI based manuals for financial and compliance audits	<ul style="list-style-type: none"> OAGS has customized and translated into Somali versions both the financial and compliance audit manuals. In terms of compliance, the Office conducted annual audits, issued reports, and published its website. Participated in AFROSAI-E annual technical updates in 2021 and other relevant regional training, this was done in virtually due to COVID-19. Conducted advanced training in Financial Audit Manual (FAM) for auditors in the use of the manuals and working papers in 2021. In 2022 Advanced training in Compliance Audit Manual (CAM) and FAM for all auditors not conducted. It was prioritized for on the Job guidance. 	<ul style="list-style-type: none"> Further advanced training to be conducted in early 2023. CAM training will not be prioritized as FAM has greater challenges as per Quality Assurance (QA).
Forensic Audit Manual customized, introduced, and applied	<ul style="list-style-type: none"> Conducted peer-guidance and technical support to Special audits as they arose. Forensic Audit Workshop in Entebbe, Uganda was completed in August 2022. 	<ul style="list-style-type: none"> There is a delay in finalizing the forensic audit report due to challenges in collecting the audit evidence. Most of the staff resources are also allocated to finalizing the annual audit reports. The first forensic audit report is expected to be completed in early 2023.

Objective	Status by the end of 2021	Comments for 2022
Strengthened SFMIS knowledge and audit of Information Communication Technology (ICT) systems capacity	<ul style="list-style-type: none"> In 2021 Audit of ICT-related risks was conducted as part of the Operational Plan. In 2022 a Terms of Reference (ToR) was drafted for SFMIS audit, and OAGS plan for managing the outsourced audit. Training and workshop to a core team of auditors on IS audit and the AFROSAI-E's manuals in Ankara completed in September 2022. 	<ul style="list-style-type: none"> The IS audit planning process has started. However, there will be delay in completing the IS audit in 2022 due to most staff and time being allocated to finalizing the annual audit report.
Quality control system customized, introduced, and applied	<ul style="list-style-type: none"> In 2022, training on quality control and assurance was provided to a core team of quality control reviewers in the OAGS 	<ul style="list-style-type: none"> Due to time constraints not all current audit manuals were completed during the session, but such trainings will continue until the participants are able to produce a model file that goes through all the stages of the audit suit for self-sufficiency.
QA carried out	<ul style="list-style-type: none"> An independent team from AFROSAI-E executed and completed and produced the QA report including an OAGS action plan. QC/QA/Somalia SAI Enhancement Audit Tool (S-SEAT) Training completed in April 2022 	<ul style="list-style-type: none"> This activity incomplete due to the development of the new 5-years Strategic Plan 2023-2027
The degree of implementation of audit recommendations is clearly shown in the annual audit report	<ul style="list-style-type: none"> In 2021, designed audit procedures for tracking the implementation of previous audit recommendations included a section in audit reports with a compiled status of implementation of previous audit recommendations. 	<ul style="list-style-type: none"> The plan is to continue with follow-up of audit recommendations and ensuring there is a specific section on this in all future audit reports.

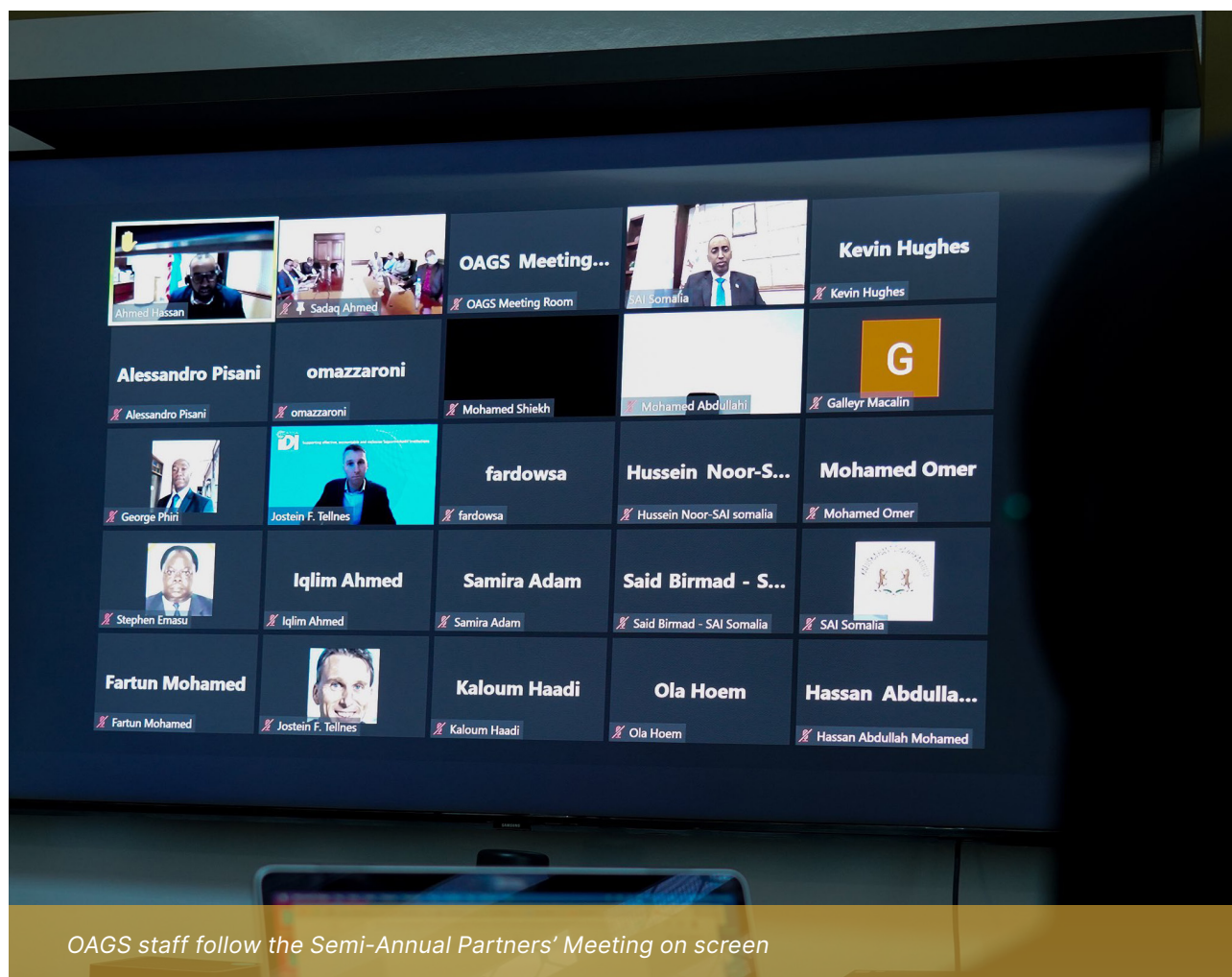
The scores for the indicators set for goal 1 are shown in this table. The results show relatively good scores for compliance audit results, but there are areas of improvement related to timeliness of reporting and the actual use of set working papers in the audit process.

Table 2: Results of indicators for goal¹

Indicator	2022 result	Comment
Time elapsed (in months) between end of period covered and submission of audit reports to the legislature		The Audit reports were not submitted on time as a result of the nation's presidential and parliamentary elections

¹ Not all SAI PMF indicators listed in the strategic plan have been measured due to limited capacity and prioritizing compliance and financial audit. Measuring performance audit indicators were not relevant as performance audit has not been prioritized.

Indicator	2022 result	Comment
SAI-5 Outsourced audits	0	
SAI-6 Leadership and internal communication	2	
SAI-7 Overall audit planning	2	A tangible improvement related to the overall annual planning developed based on the AFRO-SAI-E overall audit plan Template
SAI-8 Audit Coverage	1	Potential improvement was made in the audit coverage
SAI-9 Financial Audit Standards and Quality Management	2	
SAI-10 Financial audit process		
3		
SAI-11 Financial audit results		
1		
SAI-16 Compliance audit process	4	
SAI-17 Compliance audit results	3	Score maintained



4.3. Goal 2: Strengthening Internal Governance and coordination with FMS and partners

To deliver audit services effectively and efficiently, as well as to coordinate with the offices of Auditor Generals of the FMS and development partners, this goal involves improved internal governance. Internal governance is responsible for ensuring the governance, risk management, and control processes of the OAGS.

Coordination is key to making our work visible, alerting various stakeholders about audits, increasing their influence on implementation in a way that is applicable across the nation, and the ability to aggregate national results at higher levels.

The OAGS has, in 2022, managed to strengthen its own internal governance in several areas with key milestones is the finalization of the OAGS 2023 – 2027 Strategic Plan:

- i. Developed new 5 years strategy and resource plan for 2023-2027;
- ii. Published quarterly and semi-annual reports highlighting key progress in relation to the Operational Plan;
- iii. Developed and approved policies and a manual for relevant and important departments and units;
- iv. Approved Annual Audit Plan;
- v. Revised Annual Operational Plan for 2022;
- vi. Developed and published 2021 SAI Performance Report;
- vii. Developed Annual Operational Plan for 2022

Table 3: Progress per objective for goal 2

Objective	Status by the end of 2022	Comments for 2023
Strengthened SAI Performance Management	<ul style="list-style-type: none"> Finalized and printed the OAGS Annual Performance Report for 2022. Implemented annual operational plans including performance measurement linked to the Strategic Plan for monitoring and evaluations. Conducted annual and semi-annual meetings with development partners. Online Training on Introduction of Monitoring and Evaluation completed in August 2022. Produced an Annual SAI Performance Report for 2023. Developed a five-year strategic plan 2023-2027 and prepared an annual Operational Plan for 2023. 	<ul style="list-style-type: none"> Launched digital system for strategic management process currently in progress. Approval and implement Strategic Plan 2023 – 2027 and annual Operational plan for 2023.
Strong change management and a new organizational structure implemented in OAGS	<ul style="list-style-type: none"> Change management training delivered in relation to the S-SEAT (see goal 5). New organizational structure implementation awaiting new audit act approval. Management Development Program (MDP) conducted with support from the WB. However, the MDP II is postponed due to finalizing the annual audit reports. 	<ul style="list-style-type: none"> Project Management Training and Management Development Program II postponed and shifted to 2023
Strengthened integrity internally	<ul style="list-style-type: none"> Since audit staff typically use declarations of working papers, all staff received training on the Code of Ethics. Reviewed and updated OAGS' Code of conduct based on five fundamental principles of ISSAI 130. 	

The table below exhibits the performance for goal 2 indicators. The results demonstrate that OAGS has made significant progress in creating a sound strategic planning cycle and in establishing sound fundamental procedures and systems for internal communication. The development of the five-year strategic and operational plan for 2023-2027 is the primary area for improvement.

Table 4: Results of indicators for goal 2

Indicator	2022 result	Comment
SAI-3 Strategic planning cycle	3	Potential improvements related to monitoring and reporting on average
SAI-4 Organizational control environment	1	Some improvements related to internal control, quality control and quality assurance



4.4. Goal 3: Strengthen External Communication and Stakeholder Relations

Enhancing and extending participation and contributions from all stakeholders, at all levels, is made possible by mapping communication and engagement. To guarantee that audit recommendations are successfully implemented and that reports have an impact on good governance. It serves as a foundation for future collaboration and partnerships with FMS, accurate categorization, clarity, and uniformity in audit findings, and promoting accountability, transparency, and inclusiveness.

The table below shows more details of the progress for each of the objectives under the strategic goal 3

Table 5 Progress per objective for goal 3

Objective	Status by the end of 2022	Comments for 2023
Strengthened relations with key stakeholders such as the Parliament, the Judiciary, Office of the President, and Office of the Prime Minister.	<ul style="list-style-type: none"> Several stakeholders' events were taking place in 2021 – 2022. This included engagement with the new parliament and with development partners during the strategic planning development process. Performed training of project heads in government in contract registration and handling. Held workshops with Director Generals and Finance Directors and internal auditors following the issuance of annual audit reports. The preparation of financial statements was a key topic. 	<ul style="list-style-type: none"> Continuation of strengthening relations with key stakeholders in the coming years
Strengthen relations and collaboration with the FMS-OAGs	<ul style="list-style-type: none"> Facilitated staff exchange visits to the FMS-OAG offices and vice versa in April 2022. OAGS conducted training in basic international standards for FMS-OAGs representatives. Carried out a training of FMS-OAGs in legal requirements of the offices and selected HR-topics. 	<ul style="list-style-type: none"> In the new 5-years Strategic Plan, OAGS included an additional goal (Goal 7) for improved the collaboration with FMS-OAGs.
SAI reports and information are publicized and shared.	<ul style="list-style-type: none"> The OAGS Academy has started to produce and develop educational tools to explain the role of audits and accountability for the general public. Communication training was conducted in the OAGS for some selected staff (Directors and Team leaders). Conducted sharing of experiences and joint training in selected areas, such as audit planning, audit methodology and manuals, strategic management, stakeholder engagement, and HR management. 	<ul style="list-style-type: none"> Documentary video finalized and ready for public sharing in 2023.

The scores of the indicators for goal 3 are shown in the table below. The scores show OAGS has established basic systems and practices for external communication, such as through stakeholder seminars and some media articles. However, the scores also show a potential to improve communication both with the Legislature, Executive and Judiciary, as well as the media and civil society.

Table 6: Results of indicators for goal 3

Indicator	2022 result	Comment
Percentage of audit recommendations implemented	21% for all recommendations for FY 2018, 2019, and 2020.	There is a low implementation of audit recommendations
SAI PMF indicators SAI-24 Communication with the Legislature, Executive and Judiciary	1	Average score improvement with Legislature, Executives and Judiciary
SAI-25 Communication with the Media, Citizens and Civil Society Organizations	3	Potential for some engagement with the media, civil society and citizens



OAGS staff participate in the Annual Human Resource Regional Workshop in Mombasa, Kenya

4.5. Goal 4: Well Qualified and Professional Staff and Management

Our top priority is skilled employees to perform audits professionally and in accordance with ISSAIs. OAGS has concentrated on staff development and professionalization over the past two years through a range of training programs both inside and outside the nation.

Key activities in the 2021 – 2022 periods were participation of some selected staff in the Professional Education for SAI Auditors pilot as participants and coaches. The table below shows more details of the progress for each of the objectives under the strategic goal.

Table 7: shows more details of the progress for each of the objectives under Goal 4

Objective	Status by the end of 2021	Comments for 2022
Strengthened HR capacity established	<ul style="list-style-type: none"> Developed and implemented Individual Professional Development Plans. Developed and implemented induction and onboarding procedures. The HR policy was developed and signed by the Auditor General. Developed effective employee Performance Appraisal Guidelines. Developed Reward and Recognition Approach. Participation of OAGS in AFRO-SAI-E regional HR workshop addressing amongst others professionalization, staff wellness and gender actions by SAIs, as well as staff productivity and engagement. 	<ul style="list-style-type: none"> HR policies will be translated in early 2023. Training for staff on HR Policy Manual is carried over to 2023.
Training and Professional Development Programme implemented	<ul style="list-style-type: none"> Professional development courses (leadership, academic training, and audit certification) have been planned and all relevant staff have been selected. Enrolment of 15 OAGS auditors and 5 coaches to the IDI PESA-P program. 	<ul style="list-style-type: none"> Professional certifications by OAGS is planned to be implemented. Funding through the peer support project to be considered in 2023

The results of the indicators for goal 4 are shown in the table. OAGS has implemented some professional development programs; the score in this area is lower than the conventional.

OAGS has established fundamental policies and systems for human resource management nevertheless requires improvement.

Table 8: Results of indicators for goal 4

Indicator	2022 result	Comment
SAI-22 Human Resource Management (HRM)	2	Potential improvement related to HR policy
SAI-23 Professional Development and Training	0	More potential improvement is needed related to the Professional development program and its project charter
SAI-25 Communication with the Media, Citizens and Civil Society Organizations	3	Potential for some engagement with the media, civil society and citizens



Staff take advantage of the Video Teleconference Systems installed in the office

4.6. Goal 5: Sufficient Infrastructure and ICT Capacity for Efficient Operations

OAGS is committed to the efficiency of adequate IT infrastructure and the provision of IT capabilities to strengthen its daily work mandate, strategic planning, HR, and the development of the office space in an elegant and contemporary manner.

The table below shows more details of the progress for each of the objectives under the strategic goal 5.

Table 9: shows more details of the progress for each of the objectives under Goal 5

Objective	Status by the end of 2021	Comments for 2022
Strengthen ICT-management capacity and support services	<ul style="list-style-type: none"> The ICT policy was developed and signed by the Auditor General. An IT consultant was recruited. 	<ul style="list-style-type: none"> The ICT policy will be translated early 2023.
Adequate ICT hardware and information management systems used in all SAI	<ul style="list-style-type: none"> The Office procured and recorded a number of PCs and laptops, despite the fact that additional laptops are required. Improved system for data storage and purchased the necessary cloud facility. Conducted appropriate staff trainings in the use of PC and new software. 	<ul style="list-style-type: none"> Available regional resources and experiences integration with IDI global programs on SAI ICT management. Implement appropriate IMS through systems for M&E, audit staff scheduling for work and leave, and general HRM. Identify needs for PCs and laptops and procure in line with the needs of the OAGS. Develop a system for the use of Operational Plan.

Objective	Status by the end of 2021	Comments for 2022
Implement an electronic audit system (S-SEAT)	<ul style="list-style-type: none"> Change Readiness Assessment conducted, and two change workshops held related to S-SEAT. Online training in S-SEAT for key staff. Physical training in S-SEAT for selected staff (travel for OAGS funded by WB). 	<ul style="list-style-type: none"> S-SEAT has been configured and customized according to OAGS needs. It is planned to be used for a complete audit in 2023.
Improving SAI office premises and equipment	<ul style="list-style-type: none"> Expanded and upgraded OAGS fixed assets. 	<ul style="list-style-type: none"> Admin and Finance policy is developed and expected to be approved in early 2023.

The table below shows the results of the indicator set for goal 5. The results show OAGS has established some basic systems for support services but has a potential to enhance systems and routines for both financial and asset management as well as support services in general.

Table 10: Results of indicators for goal 5

Indicator	2022 result	Comment
Implement an electronic audit	2	Potential improvement related to HR policy
system (S-SEAT)	There was a pilot run of S-SEAT	The S-SEAT is yet to be implemented
Developed ICT-policy	Achieved	AG Approved
SAI PMF indicator SAI-21: Financial Management, Assets and Support Services	3	Average scored and some improvement is needed



A facilitator guides the participants during a Code of Conduct and Ethics Workshop

4.7. Goal 6: Amend the old legal framework the OAGS operates under

OAGS legal department provides timely legal advice and representation to the Auditor General and the Office, in respect of matters involving the Auditor General's constitutional and statutory mandates.

The new Audit Law based on international best practices and standards for the SAI is still waiting for the president's approval. The bill underscores and emphasizes the need to secure a modern, effective, credible audit office and at every stage to ensure development of sound policies and high-quality legislation in line with international best practices and standards for SAIs. The new law once enacted will lead to a stronger, conducive and accountable government in Somalia and allow transparency to thrive, and ultimately build a stronger economy.

The table below shows more details of the progress for each of the objectives under the strategic goal 6.

Table 11: Progress per objective for goal 4

Objective	Status by the end of 2021	Comments for 2022
Legal framework implemented	<ul style="list-style-type: none"> Developed procedures for registration and evaluation of contracts and agreements entered into by the Federal Government institutions. Developed the legal competencies of the OAGS staff, such as training for registering of contracts and procurements. Developed the General Counsel Division Policy 	<ul style="list-style-type: none"> To develop the legal competencies of the OAGS staff such as training on new regulations as soon as the Audit Bill is enacted. To conduct seminars, workshops, and similar activities to disseminate the new Audit Law to auditees and stakeholders and the general public..
A finalized legal framework submitted to the President for approval	Ensure the Legal Framework is in line with ISSAI requirements of independence, such as providing a broad and clear mandate, financial and functional independence, and independence of the head and management of SAI Somalia.	<ul style="list-style-type: none"> Sensitization and briefing on the contents of the new Legal Framework to key stakeholders will be done when the Audit Act is approved.

Table 12: Results of indicators for goal 6

Indicator	2022 result	Comment
SAI-1 Independence of the SAI	1	Average score for improved potential advocacy is required to pass the Audit Bill.
SAI-2 Mandate of the SAI	4	Achieved Potential improvement related to the Audit Bill.

5. INTERNATIONAL COOPERATION AND CAPACITY DEVELOPMENT SUPPORT

In general, international cooperation have enabled the OAGS to keep updated with international trends and good practices, as well as to share achievements and lessons learned by OAGS. Capacity development support helps OAGS to achieve the strategic plan by covering funding needs not covered by FGS financing and also by bringing in high-quality technical assistance for the office's professional development. Without this critical support, the Office would not have been able to achieve the extraordinary institutional growth that has occurred over the last few years.

In addition to budget support from the FGS, the OAGS also continued to receive both financial and technical support from a number of international development partners during the year. International support is primarily intended for capacity building, professionalization of audit staff, ICT infrastructure and HRM among others.

In any particular order, international support has been wide and broad in a collaborative manner. Support has come from the Royal Norwegian Embassy (RNE), the WB, the European Union Delegation (EUD), the IDI, and the AFROSAI-E among many others.

5.1. Representation in international meetings and events

In 2022, OAGS was represented in the following international forums and meetings:

- Meeting between the AG and RNE (31st January 2022);
- OAGS Annual Meeting for the Peer Support Project (PSP) (8th February 2022);
- AFROSAI-E Task Force Meeting (14 February 2022);
- Meeting between AG Somalia and chief executive officer (CEO) of AFROSAI-E (14th March 2022);
- Intro Meeting with AG Somalia and United States (US) Ambassador to Somalia (15th March 2022);
- Meeting of the 15th AFROSAI Governing Board (17th-18th March 2022);
- Meeting with OAGS, IDI, and RNE on PFM (22nd March 2022);
- OAGS Annual PSP Meeting with IDI – RNE (22nd March 2022);
- Meeting between the AG and the Financial Governance Committee (FGC) (27th March 2022);
- OAGS Annual Meeting with Development Partners (28th March 2022);
- AFROSAI-E Human Resource Subcommittee Meeting (6th April 2022);
- Meeting between the AG and Special Anti-Corruption Advisor from United Nations Office on Drugs and Crime (UNODC) (12th April 2022);
- AFROSAI-E Planning and Finance Subcommittee Meeting (12th April 2022);
- AFROSAI-E Audit and Governance Subcommittee Meeting (4th May 2022);
- AFROSAI-E 2022 Strategic Review and 18th Governing Board Meeting chaired by the AG – Banjul, Gambia (9th-12th May 2022);
- WB and INTOSAI Event for Working Group on Public Debt (WGPLD) (13th May 2022);
- Capacity Building Training for OAGS General Counsel (24th May 2022);
- Meeting between AG and United Kingdom (UK) Ambassador to Somalia (5th June 2022);
- AG Meeting with Special Envoy for Drought Response and Government Agencies (29th June 2022);
- Hybrid Meeting with the AG and WB at World Bank Office in AAIA (17th July 2022);
- Meeting with AG and RNE in Mogadishu Office (27th July 2022);
- OAGS Development Partner Update Meeting on the OAGS Strategic Plan 2023-2027 – Nairobi, Kenya (18th August 2022);
- INTOSAI Capacity Building Committee (CBC) Steering Meeting (20th September 2022);
- Meeting with OAGS and WB Joint Meeting on the Somalia Programmatic Advisory Services and Analytics (PASA) for Performance Audit (21st September 2022);
- INTOSAI Donor Cooperation Meeting (21st September 2022);
- Mastery PFM – Rabbat, Morocco (26th-28th September 2022);
- Meeting on OAGS Resource Analysis with IDI and AFROSAI-E (10th October 2022);
- Meeting with the WB on FMS Project Specific Review of Operational Expenditures (11th October 2022);
- 14th Session of the General Assembly of the Arab Organization of Supreme Audit Institutions

- (ARABOSAI) Conference - Jeddah, Saudi Arabia (25th-27th October 2022);
- XXIV International Congress of Supreme Audit Institutions (INCOSAI) - 76th Meeting of the Governing Board of INTOSAI – Rio de Janeiro, Brazil (7th-11th November 2022);
- OAGS Meeting with the BFC - Post Press Briefing (24th November 2022);
- Meeting with AG and EU at EU Compound in AAIA (29th November 2022);
- 13th United Nations Conference on Trade and Development (UNCTAD) Debt Management Conference – Geneva, Switzerland (5th-7th December 2022);
- Meeting with AG and President of Turkish Court of Accounts (TCA), Mr. Metin Yener (20th December 2022).

5.2. OAGS PSP - Implemented by IDI and AFROSAI-E Funded by the RNE

AFROSAI-E and IDI are strategic partners of the OAGS and have been supporting in building its capacity since 2015. In the cooperation for 2021-2022 the overall objective of the project is to “enable OAGS to successfully implement the strategic priorities in the period 2021-2022.” This includes support for ongoing audits, a new legal framework, stronger internal governance, HRM, professional development, stakeholder engagement, communication and general coordination with partners. Funding is provided by the Norwegian government channeled through IDI. Further information is available on the IDI webpage here: OAGS PSP 2021-22: www.idi.no

The PSP is implemented through advice and on-the-job training using remote communication tools (Zoom/Teams) on various technical issues, physical workshops and in-class trainings. It also includes facilitating participation in regional programs/training; provision of templates and standards of good practice for technical products; and additional funding for OAGS activities and products for which the OAGS has insufficient internal resources. Technical advisors for the project include staff from IDI and AFROSAI-E, as well as peers from SAI Malawi, SAI Turkey, SAI Kenya, SAI Uganda, and SAI Namibia.

For the period of 2021-2022 the IDI and AFROSAI-E are supporting OAGS to implement the six strategic goals. In 2021 and 2022, the following key activities were carried out through the peer-support project:

- i. Related to goal 1, Advice and guidance on drafting the AOAP by focusing on overall risk assessments and compiling lessons learnt of previous years and PFM trends. Support was also given to selected staff to participate in Forensic Audit and ICT risk audit provided by peers from SAI Turkey and SAI Uganda. There was also training support on QC, QA and S-SEAT for the audit process.
- ii. Related to goal 2, support to assessment of the progress of the Strategic Plan and developing the 2023 - 2027 Strategic Plan, as well as advice and guidance to the SAI Annual Performance Report, operational planning and quarterly reporting.
- iii. Related to goal 3, advise and funding support for FMS-OAGs and OAGS cooperation through exchange visit and training in legal requirements of the offices and selected HR-topics.
- iv. Related to goal 4, advice and support on recruitment and funding support to a Special Assistant for the AG. The peers from AFROSAI-E also provided support on value assessments and resource analysis that is now incorporated into the 2023-2027 strategic plan.
- v. Related to goal 5, advice and support on customization and configuration of S-SEAT.
- vi. Related to goal 6, organizing the meeting with development partners on the status of audit bill and recommendations for its approval.

5.3. The World Bank Support

Under the PFM project, the OAGS is receiving support from the WB through the provision of long-term advisors, provision of ICT support, and facilitating training activities.

On long term advisors who work with OAGS staff on the ground, the WB continued providing several advisors during 2021 as follows: (a) International & Regional Technical Advisor, (b) Communication Technical Advisor; (c) ICT consultant; (d) two legal advisors and (d) a Junior Audit Advisor to work with the Key Audit Advisor. These advisors were recruited on an annual basis.

Through the World Bank, the Office was able to acquire S-SEAT, an audit software, for automating audit processes as from 2022. During the year, the WB facilitated the training of key OAGS staff in S-SEAT in Kenya and the training was provided by AFROSAI-E with the participation of a JNKE from the EU.

During the year the Junior Audit Advisor supported the OAGS staff in conducting both compliance and special audits alongside the EU advisors on the ground. The support enhanced the audit capacity during the year.

The legal advisors enhanced the department for legal services, reorganized the entire operations of the unit, including registration of contracts and decrees.

The Communication Technical Advisor has established the communication function in the Office, and played key roles in improving communications and supporting activities leading to better stakeholder engagements. The advisor supported both the annual and semi-annual meetings of the Office with development partners, publication of audit reports among others.

The new ICT Advisor is working closely with ICT Director to strengthen and improve ICT infrastructure for increased efficiency and use of IT in the Office through enabling internet access and connectivity, and ensuring ICT infrastructure supports all audit activities as well as HRM.

5.4. The EU Budget Support Technical Assistance

The EU, through the BSTA to Somalia, has consistently provided huge technical assistance to support building capacity, competencies and procedures of the OAGS since 2019. Building on past achievements with the OAGS, support is geared towards effective conduct of audit responsibilities of the OAGS through provision of technical guidance, training, capacity building and support to staff in the effective implementation of the Office's work.

The EU contracted Adam Smith International (ASI), an international consulting firm, to implement a number of activities in the OAGS as well in the Ministry of Finance. In the OAGS, ASI has successfully deployed several advisors on the ground in the OAGS since 2019.

Through the EU's BSTA, a number of long-term technical advisors were recruited and deployed on the ground in the OAGS. This included the following: (a) Key Expert 2 for audit, (b) Key Expert 3 for legal, and (c) Junior Non-Key Expert for audit. Furthermore, the EU continues to provide additional resources to support implementation of some of the activities envisioned in the OAGS Strategic Plan and on a needs-basis.

In 2022, the following key activities (among others) were carried out through EU BSTA:

1. **Goal 1: Timely, relevant and high-quality audit reports in line with international standards**

Technical Assistance was provided on the ground in a number of areas as follows: -

- a. **Application of the ISSAIs:** This was applied particularly during the audits that were conducted in 2022 for financial, compliance, special and forensic, including the production of various audit reports using ISSAIs to deepen the understanding and implementation of ISSAIs. Technical assistance provided included developing the AOAP, individual audit plans, and providing technical guidance during audit planning, audit execution, and drafted various audit reports. This also included QA review of all drafted reports. Provided on-the-field technical advice to audit teams to develop individual audit plans for all audits conducted of 2021 and ensured adequate working papers to the extent possible.
- b. **On outsourced audits of projects financed by development partners:** This was provided towards development of ToR for contracting external audit firms that conducted audits of 23 projects on behalf of the OAGS and ensured successful inception and completion of audits. These are projects that were financed by the WB and AfDB.
- c. **On IS audit of S-FMIS:** Technical Assistance was provided in developing approved ToR submitted to the WB for financing the audits. Further support was provided in quality review of the draft IS Audit Report before the audit was concluded satisfactorily.

2. **Goal 2: Strengthening Internal Governance and coordination with FMS and partners**

Provided technical advice to the OAGS audit staff in developing the following: -

- a. **Annual Performance Report for 2021:** In close collaboration with the IDI, reviewed and finalized the 2021 SAI Annual Performance Report that was shared with stakeholders. Provided technical support in drafting the 2022 Annual Performance Report for release in 2023.
- b. **Implementation of the 2-Years Extended Strategic Plan (2021-2022):** Provided technical support in monitoring and ensuring the successful implementation of the 2-years

Extended Strategic Plan. In close collaboration with IDI, reviewed and finalized Annual Operation Plan for 2022 that was implemented).

- c. **Code of Ethic Declarations:** Provided advice, guided and ensured completion of Code of Ethics declarations by all audit staff for audits conducted during 2022.
- d. **Internal QA review of draft audit reports for 2022:** The OAGS established a 2-person QAD in 2022 which is still under-resourced. Technical assistance was heavily provided to support QA activities of the new unit during 2022.
- 3. **Goal 3: Strengthen external communication and stakeholder relations to ensure audit recommendations are implemented and reports have an impact on governance and accountability**

Provided technical assistance to the OAGS and audit staff in developing the following: -

- a. **Stakeholders' Engagement:** Technical support was provided to the OAGS in planning for Stakeholders Engagement workshops with the FMS and for MDAs audited during the year.
- b. **Engagements with international community:** Technical support was provided to the OAGS in a number of engagements with several international development partners that continue to support the FGS and OAGS inclusive. These have included engagements with the UN agencies following the forensic audit that was conducted. It also included various discussions with the WB on continued support specifically for the OAGS.
- 4. **Goal 4: Well qualified and professional staff and management**
- a. **Provided technical assistance to the OAGS on on-going discussions with the international community – the UN, WB, etc:** There have been several engagements with the WB for Performance Audits among other matters. The advisors on the ground continue to provide technical assistance on the way for professionalization of audit staff in the OAGS.
- 5. **Goal 5: Sufficient infrastructure and ICT capacity for efficient operations**
- a. Participated in training the OAGS, in close collaboration with AFROSAI-E, in training of

OAGS staff on S-SEAT software that will be the main software for automating the audit process.

- 3. **Goal 6: Amend the old legal framework the OAGS operates under**
- a. **Continued to provide technical assistance on matters related to the audit law which has not yet been assented to by the President of Somalia:** This has been performed from time to time when requests are made for clarification.

6. FINANCIAL RESOURCES

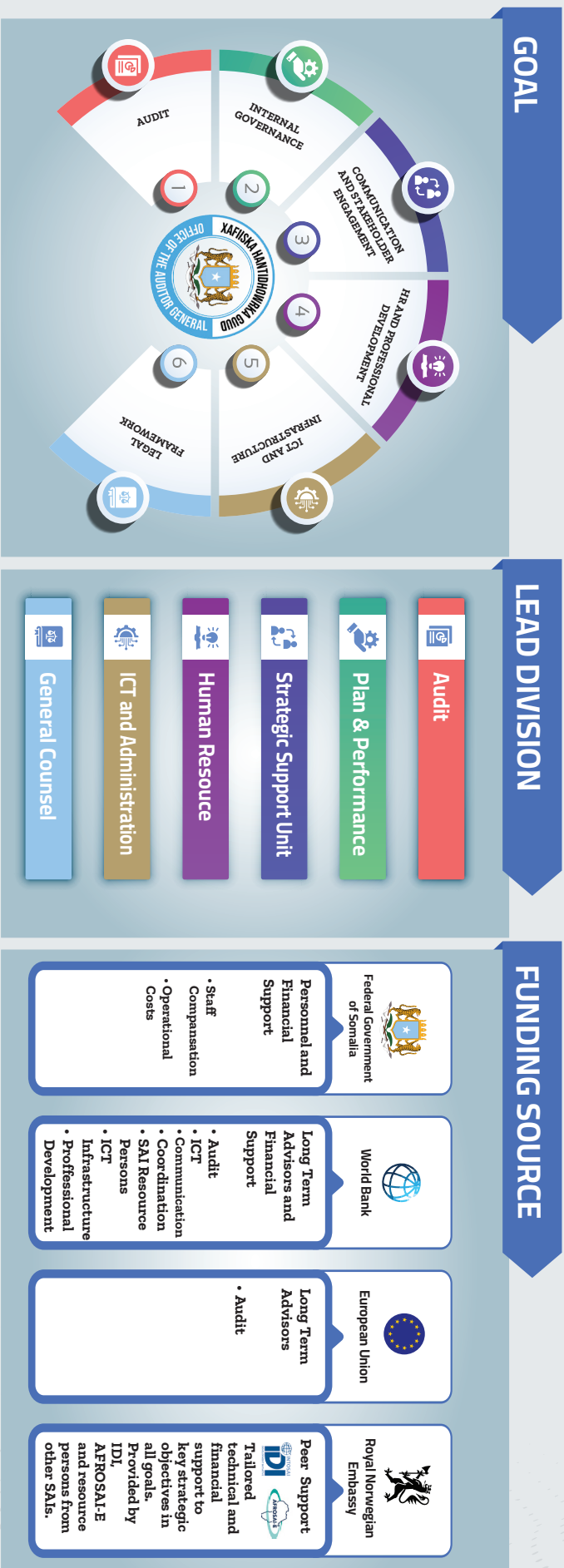
The appropriated budget that was approved by the parliament of the FGS was utilized as the basis for developing the OAGS budget for 2021. Within the OAGS budget line, all income and expenditures are apportioned to the appropriate heads and sub-heads in their respective categories. The appropriate financial management systems are kept up to date in order to enable reporting at various levels of granularity, ranging from the level of individual transactions to the OAGS.

In spite of the fact that the Appropriated Budget for the year that ended on December 31st, 2021 was \$3.2 million, the actual allocation was approximately \$2.6 million, which represents utilization of close to 100%. In spite of this, the budget is insufficient for the OAGS to hire sufficient personnel, which is a challenge in light of the increased number of audit mandates and exercises.



Support Ecosystem

Appendix 1: Support Ecosystem Framework



Coordination Mechanisms

Report Mechanisms

- Support for the OAGS Strategic Goals and Operational Plans
- Semi-annual meetings for all partners
- OAGS Annual Performance Report



FEDERAL REPUBLIC OF SOMALIA

OFFICE OF THE AUDITOR GENERAL

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