

FEDERAL REPUBLIC OF SOMALIA  
OFFICE OF THE  
AUDITOR GENERAL

ANNUAL  
PERFORMANCE  
REPORT  
**2018**



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## 1

# MESSAGE FROM THE AUDITOR GENERAL



**Mohamed M. Ali**  
Auditor General

*I am pleased to present the 2018 Annual Performance Report of the Office of the Auditor General of the Federal Republic of Somalia (OAGS). The OAGS is responsible to audit all the federal government institutions and the independent enterprises provided with a public private partnership.*

In 2018 we audited the 2016 and 2017 accounts of 35 Ministries and Agencies out of 60 entities, representing 58 % of the entities. These audit results were reported to the Parliament, President and the Office of the Prime Minister. In 2018 we have also developed a new draft Audit Bill that allows us to leap from an antiquated, twentieth century policy into a twenty-first century structure equivalent to other neighboring countries. The Office fostered and strengthened relationships

with key stakeholders at the federal level, development partners, as well as with the Federal Member States audit offices.

Our progress is a testament of our strategic and professional leadership, built around a young staff keen to see improvements, and flexible support mechanisms. We understand that priorities and actions must be based on the particular situation at hand.



My leadership focuses on establishing a professional and respectful dialogue with the staff. Our SAI has a staff of about 96 people. When given trust and responsibility, the staff is willing and able to take initiative. One good example is the development of the new website ([www.oag.gov.so](http://www.oag.gov.so)). Another example is an initiative to organize a stakeholder relations seminar for key government officials, Parliamentarians, civil society groups, academia, business groups and religious leaders. The staff spearheaded both initiatives and received impressive feedback.

We have an ambitious strategic plan for 2017 to 2020, giving the office the direction and vision for change. However, scarce resources still present a major hurdle to attaining our goals. During the year our SAI received little in financial resources. Yet, a trustful peer-based partnership with the IDI and AFROSAI-E enabled several activities to be initiated. This was possible

thanks to the allocation of funding and support from the Norwegian Embassy in Kenya. The World Bank also provided a short-term consultant to work with the office and was especially helpful in crafting the draft audit bill and regulations.

We are grateful for a team of committed staff and the very useful support we continue to receive from our various stakeholders. We are confident that this commitment will help us realize our vision of accountability and transparency in management of public resources in the federal government of Somalia. The overall accomplishment and achievement of our goals in the Strategic Plan will require determined efforts, commitment and loyalty of the management and staff. We will also rely on the continued cooperation and support of our stakeholders, particularly the President, Executive and the National legislative body.



## 2 ABOUT THE OAGS

### 2.1 Mandate

OAG's audit mandate is provided for in the legislation. The key legislation that governs OAGS' work is the Constitution of the Federal Republic of Somalia and the Audit Act. According to the current audit act (law

No. 34 of 14/04/ 1972), the OAGS is responsible for Auditing all revenues and expenditures, capital projects, grant contracts, the assets (movable and non-movable property of the state) and Debt.

### 2.2 Vision

To be leading audit institution that is responsive, effective and efficient in promoting public transparent and accountability.

The vision is our long-term target. It drives us to improve continuously so as to become a reliable institution in promoting public accountability, transparency and integrity. That, one by one, will promote better

governance and ultimately advance the interest or benefit of the people of Somalia. However, our vision is not just to be a watchdog over other public sector institutions; rather, it is our deep-seated commitment to also lead by example by becoming a model organization that holds itself to account and ensures the highest degree of transparency and integrity in its own operations.

### 2.3 Mission

To Audit and provide recommendation for improvement to the government institutions as well as to provide audit reports to the office of the president, the parliament 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 should assure our stakeholders that

public funds are used efficiently and with positive effects for people. This binds us irrevocably to all other public institutions in the country to achieve the ultimate aim of improving the lives of the people. That, in turn, will improve public sector performance, maintain credibility, promote public trust, and foster efficient use of public resources for the benefit of the people of Somalia.

### 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 individual, 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:

#### INTEGRITY

To carry out our duties with obsolete honesty and professional competency. Our professional expertise and ethical behavior guide us to contribute to the nation in the prudent use of public resources for the well-being of the people.



## TRANSPARENCY

To be transparent and accountable in terms of performance and the proper use of financial resources through publication of performance and accountability report annually. For any institution in a system of government, it must have the public confidence. To value this confidence, we intend to be open in our entire work and communicate our audit results in a transparent manner.

## ACCOUNTABILITY

To produce reports and audit opinions that are thoroughly accurate. We are committed to be accountable to the people of Somalia, Parliament and other stakeholders.

## OBJECTIVITY

To provide objectives and unbiased audit reports and findings.

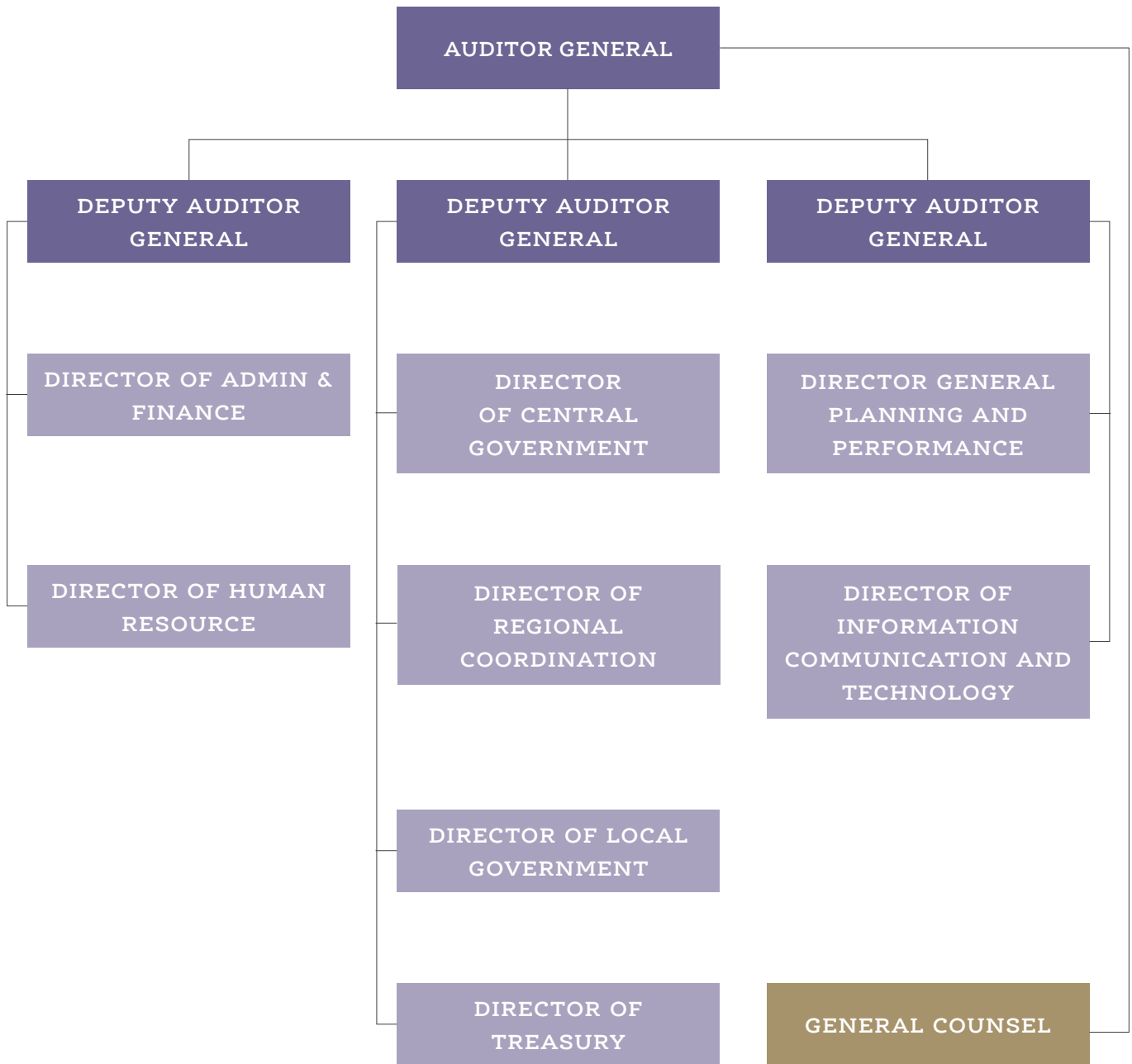
## CONFIDENTIALITY

To maintain complete confidentiality in all issues pertaining to matters related to the audit.



## 2.5 Organizational structure

The organizational of OAGS in 2018 is shown in the figure below.



## 2.6 Human resources

The table below show the number of staff in OAGS in 2018.

NUMBER OF STAFF	NUMBER OF AUDIT STAFF	NUMBER OF NON-AUDIT STAFF	FEMALE	MALE
96	42	54	28 (29%)	68 (71%)

## 2.7 Crucial Success Factors

In order to achieve successful implementation of the strategic plan, we have identified some key issues that we must address in our institution. They are as follows:

### BEING GUIDED BY OUR CORE VALUES, MISSION, VISION AND MANDATE IN THE DAILY ACTIVITIES

Integrity, Objectivity transparent, Accountability, providing recommendation for improvement to the government institutions guides us to take a fair and honest approach in addressing our stakeholders, which will help achieve successful implementation of this plan. Our independence from the executive, legislature and judiciary is crucial for credible audit services.

### MANAGEMENT LEADING BY EXAMPLE

Organizing, directions and leadership is a prerequisite for any plan to succeed. That is especially true for the implementation of this strategic plan. The tone at the top will remain a major determinant for successful execution of this plan. Therefore, management will take every initiative to lead by example in implementing this plan.

### ACTIVE USE OF AN OPERATIONAL PLAN AND ACTION PLANS

The strategic plan has been formulated for four years and reflects high level attitude, goals, and objectives. The plan contains six goals and twenty-two objectives. OAGS

also has a comprehensive operational plan clarifying the specific activities, timelines and responsibilities per year. The activities are revised annually. In 2018 the planned activities were 43 in total. There is also a need for action plans for departments to ensure the office-side operational plan and ultimately the strategy translates into sustainable change.

### MONITORING AND EVALUATION

The strategic plan and implementation should be evaluated at regular determination of the activities. OAGS places great importance on monitoring and evaluation because, when done and used correctly, they strengthen the basis for managing for results. Without regular monitoring of ongoing activities, it will not be possible to ascertain progress and take timely corrective actions. On the other hand, periodic evaluations on end activity will help us ascertain the extent of success in implementing the strategy, and hold ourselves accountable for the achievement of planned results.

### PERFORMANCE REPORTING

Measurement of output achievement will be done through internal reporting and monitoring. It will be developed as a part of the new internal OAGS Management Information System. Annual monitoring will also be done though the Institutional Capacity Building Framework.



# 3 AUDIT ACTIVITIES AND REPORTS IN 2018

## 3.1 Regularity Audits of Government Ministries and Agencies

By 30th June, 2018 the OAGS submitted the annual regularity audit report of the Federal Government of Somalia to the Parliament, President and Prime Minister. This report was a compilation of main findings of the audits of the Ministries and Agencies. The audits covered the accounts of both the financial year of

2016 and 2017 for most of the Ministries. Based on the resources available and the risk assessment done, we audited the accounts of 35 Ministries and Agencies out of 60 entities, representing 58 % of all entities. The tables below show the institutions audited per sector and financial year covered.

ADMINISTRATION SECTOR		FINANCIAL YEAR AUDITED	
		2016	2017
1	House of federal parliament of Somalia	√	√
2	Environmental Directorate	√	√
3	Ministry of Foreign Affairs	√	√
4	Ministry of Finance	√	√
5	Banadir Regional Court	√	√
6	Appeal Court	√	√
7	Supreme Court	√	√
8	Judiciary Service Committee	√	√
	National Independent Electoral Commission	√	√
9	Ministry of Humanitarian and Disaster Management	√	√
10	Ministry of Religious Affairs	√	√
11	Ministry of Justice	√	√
12	Minister of Constitution	√	√
13	Local Government	√	√

ECONOMIC SECTOR		FINANCIAL YEAR AUDITED	
		2016	2017
14	Ministry of Water and Energy	√	√
15	Ministry of Mineral and Petroleum	√	√
16	Ministry of Agriculture	√	√
17	Ministry of Livestock and Forestry	√	√
18	Ministry of Fisheries	√	√
19	Ministry of Information	√	√
20	Ministry Post and Telecommunication	√	√
21	Ministry of Public Work & Reconstruction	√	√
22	Ministry of Transport and Aviation	√	√
23	Ministry of Transport and Ports	√	√
24	Hamar Port	√	√
25	Ministry of Industry & Commerce	√	√
SECURITY SECTOR			
26	Ministry of Defence	√	√
27	Ministry of Internal Security	√	√
28	Police Force	√	√
29	National Intelligence Security Agency	√	√
SOCIAL SECTOR			
30	Ministry of Health	√	√
31	Ministry of Education and Higher Education	√	√
32	Ministry of Women and Human Rights Dev.	√	√
33	Ministry of Work and Social Affairs	√	√
34	Ministry of Youth and Sport	√	√
35	Somali Civil Aviation Meteorology Authority	√	√

## 3.2 Audit of Internationally Funded Development Projects

The audit of internationally funded development projects is integrated in the annual audit of the responsible Ministry or agency. In 2018 the OAGS audited 14 of development projects as shown in the table below.

Several of the audits of the projects were done in cooperation with a private audit company.

PROJECT	DONOR	RESPONSIBLE MINISTRY OR AGENCY	FINANCIAL YEARS AUDITED	AUDIT REPORT	AUDITORS INVOLVED
Dry land project	Islamic Development Bank	Ministry of Finance		Reported separately to the Parliament, President and Prime Minister	OAGS
Special Financial Facility (SSF)	World Bank	Ministry of Finance	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS and BTM
Public Financial Management (PFM)	World Bank	Ministry of Finance	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS and BTM
Information and Communication Technology (ICT)	World Bank	Ministry of Finance	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS and BTM
Somali Core Economic institution and Opportunity Project (SCORE)	World Bank	Ministry of Finance	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS and BTM
Recurrent Cost and Reform Financing Project (RCRF)	World Bank	Ministry of Finance	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS and BTM
Somali Urban Investment Plan Project (SUIPP)	World Bank	Bannader Region	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS and BTM
Capacity Injection Project (CIP)	World Bank	Ministry of Finance	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS and BTM

PROJECT	DONOR	RESPONSIBLE MINISTRY OR AGENCY	FINANCIAL YEARS AUDITED	AUDIT REPORT	AUDITORS INVOLVED
Rule of Law	UNDP	Ministry of Justice	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS
Access to Justices	UN WOMEN	Ministry of Justice	2017	Reported separately to the Parliament, President and Prime Minister	OAGS
Implementation of transition Plan: Establishment of Area Control Centre with in Mogadishu FIR	ICAO	SCAMA	2017	Reported separately to the Parliament, President and Prime Minister	OAGS
Capacity Building for Aviation through the establishment of an Effective legal framework for Somalia and safety oversight system for Air navigation service	ICAO	SCAMA	2017	Reported separately to the Parliament, President and Prime Minister	OAGS
Reproductive Health Program	UNFPA	Ministry of Health	2016-17	Reported separately to the Parliament, President and Prime Minister	OAGS



### 3.3 Special Audits

In 2018 the OAGS conducted 12 special audits that were reported separately to the Parliament, President, the Prime Minister and the Attorney General. These were the following audits:

- Financial irregularities in the Dry land project under the Ministry of Finance
- Financial irregularities in the Ministry of Foreign Affairs(Revenues)
- Financial irregularities in the Ministry of Humanitarian Affairs
- Financial irregularities in the Customs department/Seaport in the Ministry of Finance
- Financial irregularities in the Ministry of Health
- Financial irregularities in the Ministry of Finance (projects)
- Financial irregularities in the Ministry of Post and Telecommunication
- Financial irregularities in the Ministry of Foreign Affairs (projects)
- Financial irregularities in the Ministry of Justices
- Financial irregularities in the National Intelligence Security Agency
- Financial irregularities in the Ministry of fishery
- Madina Hospital under Police Force

### 3.4 Prior Control Audit

According to the current audit act (law No. 34 of 14/04/ 1972), article 5 states that the Office of the Auditor General should do the prior control audit which is done before the expenditures are incurred. This includes control of the registration of the budget Warrant, the head transfers, the rights, promotions, the position nominations, Financial Contracts, tenders. It also includes keeping track of the financial transactions of the central treasury of the government in terms of Revenue and Expenditures.

In 2018 the OAGS did the following prior control audits:

- Registration of contracts: 30
- Tenders: 13
- Registration of President decrees: 109



# PROGRESS OF STRATEGIC GOALS AND OBJECTIVES

OAGS has a strategic plan for 2017 to 2020. The strategic Goals are the key interventions that we believe are required to be faithful to our Mission and achieve our Vision.

## The six strategic goals are:

1. Timely, relevant and high-quality audit reports in line with international standards
2. Strengthening Internal Governance for efficient and Effective Audit Services
3. Strengthen external communication and stakeholder relations to ensure audit recommendations are implemented and reports have an impact on governance and accountability
4. Well qualified and professional staff and management
5. Sufficient infrastructure and ICT capacity for efficient operations
6. Amend the old legal framework OAGS currently operates under

This OAGS Performance report presents the progress up to 2018 for the key expected outputs of each of the strategic goals. Each strategic goal has defined indicators of goal achievement that will be measured at the end of the strategic plan period (SAI PMF indicators).

## 4.1 Timely, Relevant and High-Quality Audit Reports in Line With International Standards

Improvements of the audit process and clearing of the backlog audits have been key priorities for OAGS in 2018. A high number of auditors have during 2018 been involved in training and guidance which have enabled improvements to the audit process and development of new audit manuals. These quality improvements will continue.

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

### ISSAI BASED AUDIT MANUAL FOR REGULARITY AUDIT (FINANCIAL AND COMPLIANCE) CUSTOMIZED, INTRODUCED, AND APPLIED.

#### Planned outputs within 2020

- OAGS manual for financial and compliance audits including template working papers in Somali
- Auditors and managers trained in the methodology of the new manual

### Status by the end of 2018

- Draft financial and compliance audit manuals developed.
- Regular on-the job training in new audit methodology carried out.

### Comment

- Finalizing the customized versions of the audit manuals and working papers in Somali will be done in 2019.

## PERFORMANCE AUDIT CUSTOMIZED, INTRODUCED, AND APPLIED.

### Planned outputs within 2020

- OAGS Performance Audit Manual (PAM) in Somali
- Performance Audit reports
- Auditors and managers trained in the PAM methodology

### Status by the end of 2018

- Not planned in 2018.

### Comment

The performance Audit Manual will be developed in 2020

## STRENGTHENED SFMIS KNOWLEDGE AND ICT- AUDIT CAPACITY.

### Planned outputs within 2020

- ICT-audit guideline in Somali
- Audit report of ICT-risks based on the guideline for ICT-audit
- Auditors trained in ICT-audit and the SFIMS

### Status by the end of 2018

- Not planned in 2018.

### Comment

- SFMIS knowledge and ICT- Audit Capacity will developed in 2019

## QUALITY ASSURANCE CARRIED OUT

### Planned outputs within 2020

- Quality assurance report including recommendations
- Plan for improvements

### Status by the end of 2018

- Not planned in 2018.

## 4.2 Strengthening Internal Governance for Efficient and Effective Audit Services and Coordination with Federal Member States Auditor Generals and Development Partners

The OAGS has in 2018 managed to strengthen its own internal governance in several areas:

- A management development programme has been initiated for 9 managers
- The code of ethics has been developed and all staff trained in this
- Established quarterly reporting and revised the operational plan

Cooperation mechanisms both with the Federal Member States Auditor Generals as well as Development Partners have been established. The Auditor Generals of the Federal Member States were invited to Mogadishu for discussions and cooperation initiated in the areas of legal framework and audit methodology. Regular joint meetings have been held with Development Partners to ensure coordination and efficient sharing of information.

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

### AN IMPROVED SYSTEM FOR OVERALL ANNUAL AUDIT PLANNING ESTABLISHED

#### Planned outputs within 2020

- Templates and guideline for overall annual audit planning
- Overall annual audit plan for the next three years

#### Status by the end of 2018

- Template and guideline completed through new audit manuals.
- Annual audit plan developed for 2018 and 2019.

#### Comment

- A three-year audit plan is currently not regarded as practical.





## STRENGTHENED PERFORMANCE MANAGEMENT

### Planned outputs within 2020

- Annual operational plan
- Regular internal reports
- SAI Performance report

### Status by the end of 2018

- Operational plan revised for 2019.
- Quarterly internal reporting established.
- SAI Performance report developed.

## QUALITY CONTROL SYSTEM CUSTOMIZED, INTRODUCED, AND APPLIED

### Planned outputs within 2020

- Quality control checklists in Somali
- Quality control skills enhanced for all managers

### Status by the end of 2018

- Review procedures and checklists defined in the audit financial audit manual, but training in quality control not carried out.

### Comment

- Will be addressed in 2019.

## STRONG CHANGE MANAGEMENT AND A NEW ORGANIZATIONAL STRUCTURE IMPLEMENTED

### Planned outputs within 2020

- New organizational map
- Staff informed and motivated about organizational changes

### Status by the end of 2018

- Organizational map revised. Regular meetings held with all staff.
- Organizational culture training for managers held.

## STRENGTHENED INTEGRITY INTERNALLY

### Planned outputs within 2020

- Code of Ethics for the office as a whole
- Declaration of ethics as a working paper to be used in each audit

### Status by the end of 2018

- Code of ethics developed and training for staff executed.

### Comment

- Declaration of ethics as a working paper to be used in each audit with new audit manuals in 2019.

## IMPROVED CONDITIONS OF SERVICE AND STAFF REMUNERATION

### Planned outputs within 2020

- Motivated staff less prone to bribes

### Status by the end of 2018

- Improved remuneration system Not planned in 2018

### Comment

- To be worked on in 2019 in relation to implementation of the Federal Audit Act and new regulations.



## 4.3 Strengthen External Communication and Stakeholder Relations to Ensure Audit Recommendations are Implemented and Reports have an Impact on Governance and Accountability

Key achievements in 2018 include a seminar for main stakeholders of OAGS in Mogadishu in August 2018. The seminar was attended by representatives of the Parliament, Office of the Prime Minister, Ministry of Finance as well as civil society representatives.

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

## STRENGTHENED STAKEHOLDER RELATIONS WITH THE PARLIAMENT, THE JUDICIARY, THE PRESIDENT AND THE PRIME MINISTER

### Planned outputs within 2020

- A standard sensitization package developed to be used for sensitization of stakeholders
- Key stakeholders sensitized on the role of OAGS

### Status by the end of 2018

- A seminar for key stakeholders was held in Mogadishu.

### Comment

- The material for stakeholder engagement needs to be developed further.

## SAI REPORTS AND INFORMATION ARE PUBLICIZED

### Planned outputs within 2020

- Annual audit report publicized on the webpage
- Key info about SAI mandate and operations are publicized on the webpage

### Status by the end of 2018

- All information is available on the website.

## THE DEGREE OF IMPLEMENTATION OF AUDIT RECOMMENDATION IS CLEARLY SHOWN IN THE ANNUAL AUDIT REPORT

### Planned outputs within 2020

- Annual audit report including degree of implementation of audit recommendations

### Status by the end of 2018

- Not planned in 2018.

### Comment

- To be included in the audit report to be submitted 30th June 2019.



## 4.4 Well Qualified and Professional Staff and Management

Building the key elements of HR systems in OAGS have been addressed in 2018. Job descriptions and an HR policy have been drafted. HR-managers have taken part in training and an action plan to strengthen HR-management developed.

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

### STRENGTHENED HR-CAPACITY ESTABLISHED

#### Planned outputs within 2020

- HR assessment
- HR plans, routines and policies
- HR training of staff

#### Status by the end of 2018

- HR assessment initiated through the WB CIP programme, but not completed.
- HR training and action plan completed.
- Draft HR-policy and job descriptions developed.

#### Comment

- HR assessment and recommendation to be completed in 2019.

### HOLISTIC PLANNING OF PROFESSIONAL DEVELOPMENT

#### Planned outputs within 2020

- New relevant Job descriptions, in relation to new organizational structure.
- A plan and program for Professional Development structure
- Individual Professional Development Plans

#### Status by the end of 2018

- Job descriptions, competency framework and new organizational map developed, but implementation is still in process.

#### Comment

- Professional development programme to be developed in 2019.

### PROFESSIONAL DEVELOPMENT PROGRAM IMPLEMENTED

#### Planned outputs within 2020

- Training relevant for each staff

#### Status by the end of 2018

- Not planned in 2018.



## SUPPORT PROFESSIONAL DEVELOPMENT OF STAFF OF THE REGIONAL AUDIT OFFICES

### Planned outputs within 2020

- Training relevant for each staff

### Status by the end of 2018

- Not planned in 2018.

## 4.5 Sufficient Infrastructure and ICT Capacity for Efficient Operations

### In 2018 the OAGS has made several improvements to the ICT capacity:

- Developed and launched a new website [www.oag.gov.so](http://www.oag.gov.so)
- All managers and deputies have got an office e-mail
- Desktop computers have been procured for all managers
- An ICT-policy has been developed

OAGS still has major needs to improve transport facilities, office premises, ICT and Information Management Systems. Larger investments are required in these areas. A challenge in 2018 has been to establish a good process to utilize the available PFM project funds. This will be addressed in 2019.

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

## STRENGTHEN ICT-MANAGEMENT CAPACITY AND SUPPORT SERVICE

### Planned outputs within 2020

- Internal ICT experts developed
- Enhanced efficiency in management of ICT within the Office
- Office ICT policies and strategies in line E-Governance policy

### Status by the end of 2018

- ICT assessment initiated
- ICT policy and action plan developed

### Comment

- ICT Policy is developed but needs to be translated into Somali

## ADEQUATE ICT-HARDWARE AND INFORMATION MANAGEMENT SYSTEM USED IN ALL SAI OPERATION

### Planned outputs within 2020

- IT equipment in use as a decentralized ICT physical infrastructure
- Information Management System (IMS) in place for use
- Staff qualified to use new ICT system

### Comment

- Desktop computer available for all managers and some other staff.

## IMPROVING SAI OFFICE PREMISES AND EQUIPMENT

### Planned outputs within 2020

- Improved office environment
- Fully integrated and operating OAGS regional offices

### Status by the end of 2018

- Not executed in 2018 as planned.

### Comment

- To be implemented in 2019 for the federal office.

## 4.6 Amend the Old Legal Framework OAGS Currently Operates Under

In 2018, a major achievement has been the development of the Federal Audit Bill based on international best practices and standards for Supreme Audit Institutions. The bill was submitted by the Council of Ministers to the Parliament in August and passed by the Parliament on 14th January, 2019. The Bill moves to Senate review and approval prior to President's signature.

To prepare for the implementation of the Federal Audit Bill, the OAGS has developed draft regulations. It will be critical to finalize these and establish good routines following the expected enactment of the Federal Audit Bill in 2019.

Cooperation with the Auditor Generals of the Federal Member States has been established to harmonize the audit bills under development. Good meetings to discuss this were carried out in Mogadishu in February and in Nairobi in April and October.

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

## A FINALIZED LEGAL FRAMEWORK SUBMITTED TO THE PRESIDENT FOR APPROVAL

### Planned outputs within 2020

- A new audit act
- National stakeholders confident of the importance of a new audit act and an independent audit office in Somalia

### Status by the end of 2018

- Federal Audit Bill tabled in Parliament.
- Regular meetings with key stakeholders carried out throughout the year.

## LEGAL FRAMEWORK IMPLEMENTED

### Planned outputs within 2020

- New regulations finalized and implemented

### Status by the end of 2018

- Draft regulations developed.



# INTERNATIONAL COOPERATION AND CAPACITY DEVELOPMENT SUPPORT

## 5.1 Representation in international meetings and events

**In 2018 OAGS was represented in the following international forums:**

- The AFROSAI-E Governing Board and strategic review (Rwanda)
- The IFAC forum on Developing Accountancy Capacity in Fragile and Conflict-affected States (South Africa)
- INTOSAI CBC Forum for SAIs in fragile situations (South Africa)
- The AFROSAI-E Technical Update and Refresher Workshop (South Africa)

## 5.2 OAGS Peer-support project

For 2018-2020 the INTOSAI Development Initiative (IDI) and AFROSAI-E are supporting OAGS to implement the six strategic goals, with a priority of goal 1, 2 and 6. The support is provided as a combination of technical peer-support and logistical support to key events and trainings. The peers come from the IDI, AFROSAI-E and the SAIs of Botswana, Uganda and Ethiopia. Financial support is provided by the Norwegian Embassy in Nairobi. The total expenses for the project in 2018 was 370 000 USD.

**In 2018, the following key activities were carried out through the peer-support project:**

- Creating understanding of the International Standards for Supreme Audit Institutions (ISSAIs) and development of the Federal Audit Bill
- On-the job training for execution of the annual financial audits and development of new audit manuals in Somali in line with the ISSAIs
- Training in HR-competency and development of job descriptions and a competency framework for working systematically on staffing and training for the next years
- Establishing a cooperation with the Federal Member states audit offices through a meeting in Mogadishu and a joint audit manual workshop
- Representation in the annual technical update and top management meeting (Governing Board) for all AFROSAI-E members (the English speaking supreme audit offices in Africa)
- A stakeholder sensitization seminar in Mogadishu for members of the Parliament, key ministries and government entities, civil society and religious leaders



- A management development program for nine managers covering areas as organizational culture, strategic management, internal reporting and communication
- A staff retreats in Mogadishu including code of ethics training, sharing and discussion of HR principles and the ICT-policy, as well as audit related topics as annual plan and materially assessment.



### 5.3 World Bank Support

The World Bank has supported OAGS in two projects in 2018. Firstly, OAGS has been a candidate to receive funding for positions through the Capacity Injection Project. In 2018 the CIP initiated an assessment of the HR and organizational need, but this assessment was not completed.

Secondly, through the PFM project, OAGS has received support of the WB to finalize the Federal Audit Bill in consultation with staff and stakeholders. A short-term consultant funded by the WB has also supported OAGS in developing regulations for the bill.



# FINANCIAL RESOURCES

6

The budget of OAGS is aligned with the appropriated budget by ensuring that all income and expenditure is allocated to the relevant Heads and sub heads within the Budget line. Appropriate financial management systems are maintained to enable reporting at various

levels of detail from transaction level to the OAGS.

The table below shows the budget allocation of OAGS for 2018 (USD). The total budget was 1.73 Mill USD. The actual allocation was about 1.65 mill USD.

CODE	DESCRIPTION	ORIGINAL BUDGET	VIREMENTS SUPPLEMEN- TARY	TOTAL BUDGET (1)	ALLOCATION (2)	AVAILABLE BUDGET (1) - (2)	YEAR TO DATE (YTD) ACTUAL (3)	AVAILABLE ALLOCATION (2) - (3)
11301	Total	\$1,746,864	-\$14,760	\$1,732,104	\$1,702,714	\$29,390	\$1,654,384	\$48,330
2111	Staff Salary	617,484	50,610	668,094	653,464	14,630	648,484	4,980
2112	Allowance	223,380	-146,670	76,710	72,000	4,710	72,000	-
2211	General Service	24,000	42,000	66,000	66,000	-	64,000	2,000
2213	Fuel & oil	30,000	-	30,000	30,000	-	27,500	2,500
2214	Repair & Improvements	12,000	-	12,000	12,000	-	11,000	1,000
2215	Office Equipments & Other items	24,000	-	24,000	24,000	-	22,000	2,000
2216	Travel expenses	36,000	-	36,000	36,000	-	33,000	3,000
2255	Other Services plus allowance	780,000	39,300	819,300	809,250	10,050	776,400	32,850





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