

FEDERAL REPUBLIC OF SOMALIA

OFFICE OF THE AUDITOR GENERAL

ANNUAL PERFORMANCE REPORT **2019**



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1 MESSAGE FROM THE AUDITOR GENERAL



Mohamed M. Ali
Auditor General

I am pleased to present the 2019 Annual Performance Report of the Office of the Auditor General of the Federal Republic of Somalia (OAGS). The OAGS is responsible for audits of the federal government institutions (ministries, departments, agencies and local government or MDAs) excluding the Federal Member States of Somalia.

In 2019 we conducted compliance audits of 25 entities (MDAs) of the Federal Government of Somalia (FGS) including 5 of the 7 security institutions in respect of the financial year ended 31 December 2018. This was out of the 67 entities, representing 37 % of the entities.

The subject matters of the compliance audits were broad which principally included: (a) preparation of annual financial statements by MDAs for audit, (b) expenditure payment controls, (c) procurement management, (d)

payroll management, (e) fixed asset management, (f) registration of government contracts for prior control review, and (g) internal audit functions.

During the year, we also, for the first time in the recent history of Somalia, conducted a financial audit of the annual financial statements of the FGS for the year ended 31 December 2018 on the basis of the International Standards of the Supreme Audit Institutions (ISSAIs) and issued an audit opinion. The financial statements

were prepared by the Accountant General, also for the first time, on Cash-basis (IPSAS) – the International Public Sector Accounting Standards.

The audit results were reported to Parliament with copies to the offices of the President and the Prime Minister and were published. These reports attracted a lot of interest, both locally and internationally. It is our hope that parliament will review them and take appropriate actions with a view to strengthening accountability and transparency in the use of public funds for service delivery.

Regretfully, the draft audit bill that was developed in 2018 was not enacted into law during the year. The new audit bill, if passed as originally drafted, would allow us to leap-frog from an antiquated, twentieth century law into a modern Supreme Audit Institution (SAI).

The Office continued fostering and strengthening relationships with key stakeholders at the federal level, development partners, as well as with audit offices of the Federal Member States. During the annual conference held in August 2019, audit offices of the Federal Member States participated; so were representatives from parliament, civil societies, universities and the media. Leading experts presented useful papers to staff, discussed the role of audits in strengthening public financial management and capacity development challenges and options were discussed.

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 is currently focusing on building a dedicated, professional and responsive staff. Our SAI has a staff of about 88 dedicated personnel. When given trust and responsibility, the staff is willing and able to take initiative.

We have an ambitious strategic plan for 2017 - 2020, giving the office the direction and vision for modernization and adoption of International Standards of Supreme Audit Institutions (ISSAIs) although scarce resources still present a major hurdle to attaining our goals. During the year our Office received limited financial resources from the FGS. However, support arising from peer-based partnership with the IDI and AFROSAI-E, the European Union (EU), and the World Bank (WB) enabled several activities to be initiated and concluded during the year. We are grateful to the FGS and the international community for their continued support towards the implementation of the Strategic Plan.

We are grateful to our committed staff and for support we continue to receive from our various stakeholders. We are confident that this commitment will help us realize our vision of stronger accountability and transparency for efficient management of public resources of the FGS. 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 legislature, H.E. the President, the executive arm of government, the general public and the international community.

2 ABOUT THE OAGS

2.1 Mandate

The OAG'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 and the audit law. According to the current audit law (law No. 34 of 14/04/ 1972, Magistrate of Account); Law No. 2 of 29/12/1961 – Financial &

Accounting Procedures of the State; and Law No. 317 of 17/12/1962 – Regulations for the Accounts of the State, the OAGS is responsible for auditing all revenues and expenditures, capital projects, grant, contracts, assets (movable and immovable property of the state) and debts.

2.2 Vision

The vision is: *"To be a leading 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 so as to become a reliable institution in promoting public accountability, transparency

and integrity. However, our vision is not just to be a watchdog over other public sector institutions; rather, it is our deep-seated commitment to 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

The mission is to: *"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 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 efficient use of public funds in service delivery for our 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 transparency and accountability in the use of public funds, 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

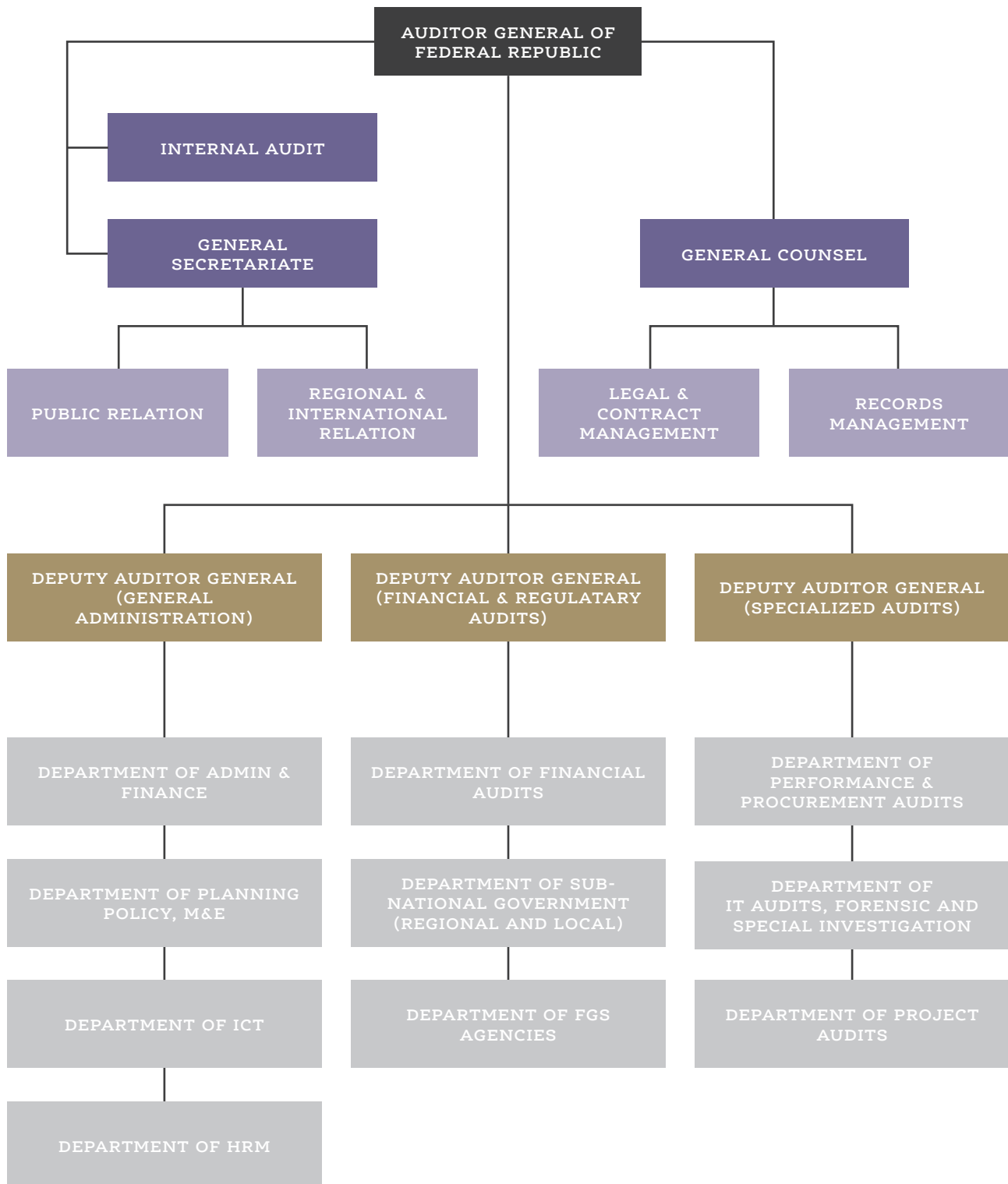
Our Core Values always guide us in how we behave with each other as well as with our external stakeholders. They are the foundation of our organizational culture and impact individual, as well as, organizational performance. We believe that how we conduct ourselves daily, affects our individual self-respect, and the

goodwill and reputation of the OAGS. Our core values are: (a) Integrity; (b) Transparency; (c) Objectivity; (d) Confidentiality; and (e) Accountability. The diagram below summarizes our Vision, Mission and Values:



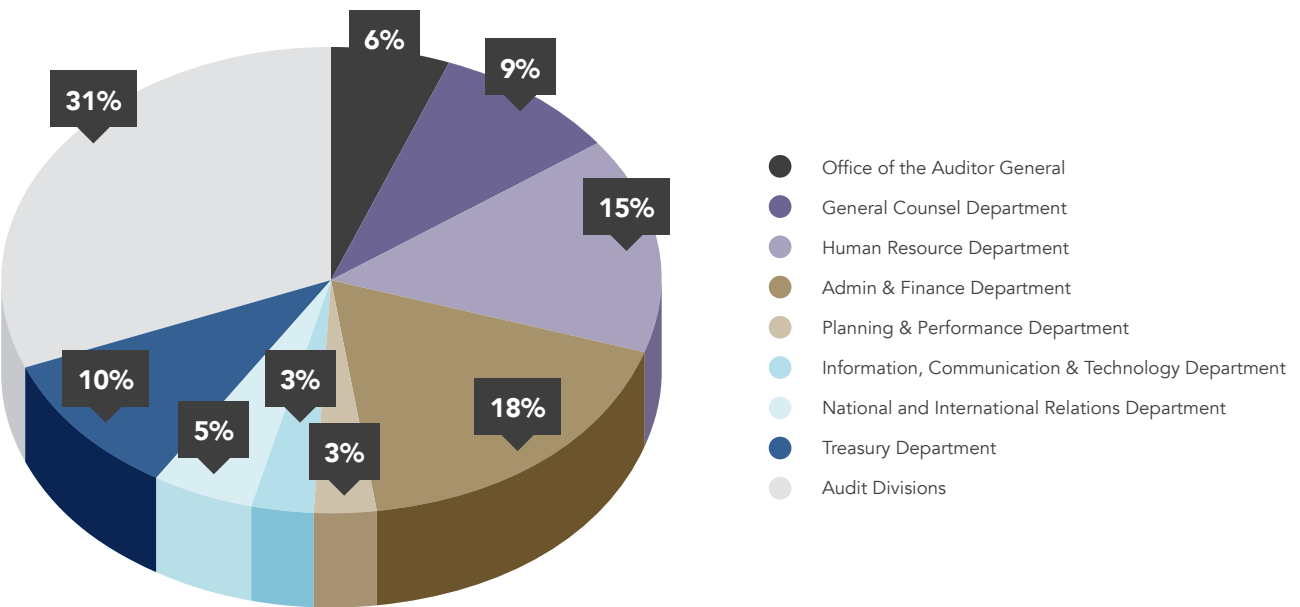
2.5 Organizational structure

The organizational structure of OAGS in 2019 has not changed from the previous years because the new audit bill has not been enacted into law. However, the proposed new organization structure, at a high level, is shown in the figure below in the next page:



2.6 Human resources

The graphics and charts below show the number of staff and their status in OAGS in 2019



NUMBER OF STAFF



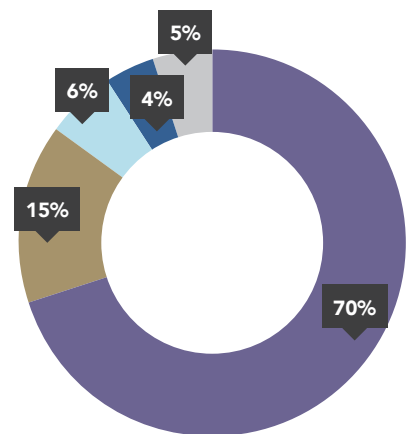
88 STAFF

GENDER



67% 33%

GRADE STATUS



2.7 Crucial Success Factors

In order to achieve successful implementation of the Strategic Plan, we have identified some key issues that we are addressing in our institution. They are as follows:

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

In performing our work, we are guided by (in addition to Mission, Vision and Mandate) by the Core Values. Our reports strengthen the accountability process and our audit recommendations aim at improving financial operations of government institutions. Our independence is crucial for providing credible and independent audit services.

II. MANAGEMENT LEADING BY EXAMPLE

Optimizing organization structure and staffing, and providing adequate directions and leadership are prerequisites for successful implementation of any plan. That is especially true for the implementation of our 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.

III. ACTIVE USE OF AN OPERATIONAL PLAN AND ACTION PLANS

The Strategic Plan has been formulated for a period of three years and reflects high level goals, and objectives. The plan contains six goals and twenty-two objectives which are reviewed annually. The OAGS also has a comprehensive Operational Plan clarifying the specific activities, timelines and responsibilities which are developed/revised annually. The activities in the Annual Operational Plan are revised annually. In 2019 the planned activities were 91 in total.

IV. MONITORING AND EVALUATION

The Strategic Plan and implementation is evaluated annually for the determination of specific activities. The OAGS places great importance on monitoring and evaluation because it strengthens 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 will help us ascertain the extent of success in implementing the strategy, and hold ourselves accountable for the achievement of planned results.

V. PERFORMANCE REPORTING

Measurement of output achievement will be done through Internal Reporting and Monitoring arrangements. It is developed as part of the new internal OAGS Management Information System (MIS). Annual monitoring will also be done through the Institutional Capacity Building Framework.

AUDIT ACTIVITIES AND REPORTS IN 2019

3.1 Compliance audits of security and non-security entities

By 30th June 2019 the OAGS submitted two consolidated annual compliance audit reports of the Federal Government of Somalia to the two houses of parliament (Upper House and Peoples' House), with copies to the offices of H.E the President and H.E the Prime Minister. The first consolidated compliance audit report was for the 5 of the 7 security sector reporting entities while the second one was for 20 non-security reporting entities making a total of 25 entities out of 67 reporting entities of the FGS, representing 37 % of all the entities.

The audits were conducted using the International Standards of Supreme Audit Institutions (ISSAIs) for the first time in the recent history of FGS. These are the auditing standards relevant to public sector audits. The overall conclusion is that most of the entities audited were not complying with laws and regulations for effective management and accountability of public funds entrusted to them.

3.2 Financial audit of the financial statements of the FGS

For the first time in the recent history of the FGS, the Accountant General's Office, on the recommendation of the OAGS, prepared financial statements of the FGS for the year ended 31 December 2018 on the Cash-basis IPSAS (International Public Sector Accounting Standards). We audited these financial statements using the ISSAIs, issued our independent opinion on these financial statements and submitted our report to Parliament with copies to the Offices of H.E. the President and H.E the Prime Minister. Also, for the first time, the report was published.



AFROSAI-E gives special recognition to the OAGS in South Africa for adopting ISSAI for audits conducted in 2019

3.3 Audit of internationally funded development projects

There are projects financed by the World Bank and the African Development Bank that are audited annually in accordance with respective financing agreements. For the fiscal year ended 31 December 2018, the

OAGS conducted audits of 9 of development projects as shown in the table below. All project audits were conducted by the OAGS with support of external audit firms contracted.

PROJECT	DONOR	RESPONSIBLE MINISTRY OR AGENCY
Public Financial Management (PFMII)	World Bank	Ministry of Finance
Recurrent Cost and Reform Financing Project (RCRFII)	World Bank	Ministry of Finance
Somali Core Economic Institutions and Opportunities Project (SCORE)	World Bank	Ministry of Finance
Special Financial Facility for Local Development Project (SFF LD)	World Bank	Ministry of Finance
Capacity Injection Project (CIP)	World Bank	Office of the Prime Minister
Information and Communication Technology Project (ICTII)	World Bank	Ministry of Post
Somali Urban Investment Planning Project (SUIPP)	World Bank	Benadir Regional Authority
Somali Urban Resilience Project (SURP)	World Bank	Benadir Regional Authority
Economic and Financial Governance Institutional Support Project (EFGISP II)	African Development Bank	Ministry of Finance

3.4 Other special audits

At the request of the Mayor of Benadir Regional Authority (BRA), the OAGS conducted a special audit in 2019. The scope of the special audit covered revenue collection,

expenditure controls, payroll management, human resource management, and procurement management. The audit report was submitted to the Mayor.

3.5 Prior Control Review

In accordance with Article 5 of Law No. 34 of 14/04/1972, the OAGS performed "prior control reviews" before expenditures were incurred. This is consistent

with Article 11 of the Financial Regulation. This includes prior control review of expenditure warrants (F16), varmint and supplementary budgets.

3.6 Registration of Contracts, Agreements and Decrees

In accordance with audit and financial laws, the OAGS registered a total of 23 contracts as submitted by FGS institutions; registered 41 Presidential Decrees, and

6 Executive Orders of the Prime Minister. We noted that not all FGS entities are registering all contracts with the OAGS.

PROGRESS WITH THE IMPLEMENTATION OF THE STRATEGIC PLAN

4.1 The Goals of the Strategic Plan

The Strategic Plan is for the period of 2017- 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:

- i. Timely, relevant and high-quality audit reports in line with international standards
- ii. Strengthening Internal Governance for efficient and Effective Audit Services
- iii. Strengthen external communication and stakeholder relations
- iv. Well qualified and professional staff and management
- v. Sufficient infrastructure and ICT capacity for efficient operations
- vi. Amend the old legal framework OAGS currently operates under

This Annual OAGS Performance Report presents the progress up to the end of 2019 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 and ICBF) by AFROSAI-E.

4.2 Timely, relevant and high-quality audit reports in line with international standards

Improving the audit process was the key priority for OAGS in 2019. A high number of auditors were trained during 2019, firstly in July and then in December 2019 with support from IDI, AFROSAI-E and the EU. Customization of both manuals (Financial Audit Manual - FAM and Compliance Audit Manual - CAM) were completed, and training champions were appointed to roll-out training to all audit staff in early 2020. Both manuals were also translated into Somali for early adoption.

For the first time in the history of the FGS, both financial and compliance audit reports were issued using ISSAIs and published. Several activities will be continued in 2020 to consolidate on gains made with respect to full adoption of ISSAIs.

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

OBJECTIVE	STATUS BY THE END OF 2019	COMMENTS FOR 2020
ISSAI based Audit manual for regularity audit (financial and compliance) customized, introduced, and applied.	Financial and Compliance Manuals were developed, customized and partly translated.	Training on the above manuals was conducted and champions appointed to roll-out the training to the rest of audit staff.
Started conducting audits and issuing audit reports using guidance provided by the manuals.	CAM & FAM champions to roll-out training to the rest of staff in 2020.	Audits for the financial year ended 31 December 2019 to be based on full adoption of ISSAI during audits in 2020.
Performance audit manual (PAM) customized, introduced, and applied.	Not implemented during the year.	PAM remains outstanding and re-prioritized to 2021 to allow time for consolidating gains with FAM and CAM in 2020.
Strengthened SFMIS knowledge and ICT- audit capacity	Not implemented during the year.	SFMIS knowledge and ICT- Audit Capacity will be developed in 2020 and to be continued in 2021 and beyond for implementation.
Quality assurance carried out	Training in concepts and procedures of quality control and quality assurance executed. Quality assurance not implemented during the year.	Quality assurance to be done in 2020.

4.3 Strengthening Internal Governance and coordination with FMS and partners

This is about strengthening internal governance for efficient and effective delivery of audit services and coordination with Auditor Generals of the Federal Member States (FMS) and development partners.

The OAGS has, in 2019, managed to strengthen its own internal governance in several areas:

- Established quarterly reporting and revised the Operational Plan;
- Developed draft of communication policy, materiality, and risk management;
- Developed an approved Annual Audit Plan for audits conducted during 2019;
- Developed a revised Annual Operating Plan for 2019; and
- Developed and published 2018 SAI Performance Report.

Cooperation mechanism with the Auditor Generals of the Federal Member States (FMS) as well as with development partners is firmly established and meetings were conducted periodically. The Auditor Generals of the FMS were invited to Mogadishu for workshop, discussions and cooperation initiated in the areas of

capacity building and audit methodology. Regular joint meetings were held with development partners to ensure coordination and efficient sharing of information. Documented quality control practices is yet to be formally introduced and applied to all audits.

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

OBJECTIVE	STATUS BY THE END OF 2019	COMMENTS FOR 2020
An improved system for overall Annual audit planning established	For audits conducted in 2019, a simplified Annual Audit Plan was developed and used. Template and guideline completed through new audit manuals were introduced. Annual Audit Plan developed for audits to be conducted in 2020.	This has improved significantly as the development of 2020 Annual Audit Plan for audits for the fiscal year 2019 has been prepared based strictly on risk assessment.
Strengthened Performance Management	Operational Plan revised for 2019 and applied but not substantially achieved due to several reasons, particularly lack of financial resources and office space during 2019.	Quarterly internal reporting firmly established. Preparation of Annual SAI Performance Reports will be continued and improved upon.
Quality control system (procedures) customized, introduced, and applied	Training on quality control system (procedures) was conducted in July and December 2019. However, a customized one is yet to be completed, introduced and applied to all audits for all stages of the audit processes.	Quality control system (procedures) will be customized, introduced, and applied for audits to be conducted in 2020 and beyond.
Strong change management and a new Organizational structure implemented	Training on organizational culture for managers was held but a new organization structure awaits enactment of the new audit law.	This will be reviewed in 2020 depending when the new audit law is enacted.
Strengthened integrity internally	Code of Ethics was developed and implemented in 2018. Staff now sign annual declaration forms on compliance with the Code of Ethics.	Continue to enforce compliance with Code of Ethics.
Improved conditions of service and staff remuneration	Not planned in 2019 awaiting enactment of the audit law.	To be considered in 2020 if a new audit law is enacted.



Semi-annual meeting of the Office of Auditor General with development partners

4.4 Strengthen external communication and stakeholder relations

This is about strengthening external communication and stakeholder relations to ensure audit recommendations are implemented and reports have an impact on governance and accountability. Key achievement in 2019 include holding an annual engagement meeting and stakeholders' workshop for OAGS in Mogadishu

in August 2019. The event was well attended by representatives from parliament, Office of the President, Office of the Prime Minister, ministries, departments and agencies of the FGS and Banadir Regional Authority, private sector, media, and civil society. The event was closed by the Deputy Prime Minister.



Participants at the Annual Stakeholders' Workshop

Further improvements were made in the design of the OAGS Website during the year. Also, 2 consolidated compliance reports and financial audit report for the year ended 31 December 2018 were made public in the OAGS Website.

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

OBJECTIVE	STATUS BY THE END OF 2019	COMMENTS FOR 2020
Strengthened stakeholder relations with the parliament, the judiciary, the president and the prime minister	The annual engagement meeting and Stakeholders workshop for OAGS was held in August 2019 in Mogadishu.	The material for stakeholder engagement needs to be developed after the enactment of the new audit law.
	The key stakeholders were sensitized on the role of the OAGS in strengthening public financial management in the FGS.	SAI reports and information are publicized
SAI reports and information are publicized	All audit reports for the financial year ended 31 December 2018 and additional information were available on the Website.	More reports will be made public in the Website during 2020.
The degree of implementation of audit recommendations is clearly shown in the annual audit report	This was not achieved during the year.	The degree of implementation of audit recommendations will be included in the audit reports for the year ended 31 December 2019 when submitting the audit reports during 2020.
	There have been delays by parliament in scrutinizing and taking appropriate actions on the audit reports.	



Closing remarks by the Deputy Prime Minister, H.E. Mahdi Mohamed Guled, at the Stakeholders' Workshop

4.5 Well qualified and professional staff and management

Building the key elements of HR systems in OAGS have been addressed partially in 2019. Job descriptions for management level, HR policy and planning for OAGS have been drafted. HR-managers have taken part in training and an action plan and professionalism to strengthen HR-management are yet to be developed.

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

OBJECTIVE	STATUS BY THE END OF 2019	COMMENTS FOR 2020
Strengthened HR-capacity established	Preliminary HR assessment was initiated through the WB CIP programme and a draft report was produced.	The draft report of HR assessment to be reviewed, updated and finalized with support from HR consultant in 2020/2021.
	Draft HR-policy and job descriptions developed.	Plan to review and finalize the draft HR-policy and job descriptions during Q3 of 2020
Holistic Planning of professional development	Holistic Planning of Professional Development not achieved during the year.	Holistic Planning of Professional Development will be initiated in 2020 by an HR consultant.
		Individual Professional Development Plans will be initiated during 2020 after the holistic plan has been approved.
Professional development program implemented	This was not achieved in 2019 because it was not planned.	Implementation of an approved Professional development programme planned to start in 2021 and beyond.
Support professional development of staff of the regional Audit offices	This was not partially achieved in 2019 with FMS representation at 2 audit training workshops.	This will be reviewed and continued in 2020.



Senior Staff and Advisors reviewing draft Overall Annual Audit Plan

4.6 Sufficient Infrastructure and ICT Capacity for Efficient Operations

In 2019 the OAGS has made several improvements to the infrastructure and ICT capacity. These include:- (a) the Website has been developed and is operational (www.oag.gov.so); (b) refurbishment of office premises was completed thus making it possible to have more ICT investments; (c) three vehicles were procured for the office to enable audit staff in performance of their work; (d) an ICT-policy has been developed.

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

OBJECTIVE	STATUS BY THE END OF 2019	COMMENTS FOR 2020
Strengthen ICT-management capacity and support service	Preliminary ICT assessment was initiated and a draft report was produced.	The draft ICT Policy will be reviewed, finalized and translated during 2020.
	Preliminary ICT policy and action plan was developed	Draft ICT Strategic Plan, aligned to the OAGS Strategic Plan, to be finalized in 2020.
		Conduct more training on ICT with more emphasis on "Audit Flow or automated audit processes"
Adequate ICT-hardware and information management system used in all SAI operations	Desktop computers are now available for all managers and some other staff.	Planned to have more IT equipment in use based on decentralized ICT physical infrastructure.
		Information Management System (IMS) to be put in place for use in 2020.
		More staff training to be provided in 2020 on new ICT system.
Improving SAI office premises and equipment	This was successfully completed during 2019 and staff are back in a modern office-setting.	OAGS regional offices not foreseen in the medium term.
		Additional office equipment to accommodate increased staffing to be considered.

4.7 Amend the old legal framework OAGS

In 2019, the Audit Bill, based on international best practices and standards for Supreme Audit Institutions, has made some progress in parliament. The bill was submitted by the Council of Ministers to the Parliament (Peoples' House) in August 2018 and passed by the House on 14th January 2019. It was then submitted to the Senate (Upper House) in February 2019. The Audit Bill has gone through 2 readings in the Senate, and is still pending with them.

To prepare for the implementation of the Audit Bill, the OAGS developed draft regulations to the law way back in 2018. It will be critical to finalize these and establish good routines as soon as the Federal Audit Bill is enacted into law in 2020

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



General Counsel of Office of Auditor General Attended Anti-Corruption Meeting In Djibouti

OBJECTIVE	STATUS BY THE END OF 2019	COMMENTS FOR 2020
A finalized legal framework submitted to the president for Approval	<p>The Audit Bill was tabled in Parliament in 2018 and has moved from the Peoples' House of parliament to the Senate.</p> <p>Regular meetings with key stakeholders were carried out throughout the year.</p>	<p>It is hoped that a finalized legal framework is submitted to the president for approval in 2020 to strengthen OAGS's independence in compliance with the Provisional Constitution of the Federal Republic of Somalia.</p>
Legal framework implemented	<p>No progress was made during the year because the audit bill was not enacted into law during the year.</p>	<p>Draft Regulations to the Audit Bill to be reviewed and finalized in light of changes made by parliament.</p> <p>Sensitization workshops on the new audit law planned to be conducted as soon as it is enacted.</p>

INTERNATIONAL COOPERATION AND CAPACITY DEVELOPMENT SUPPORT

5.1 Representation in international meetings and events

In 2019 OAGS was represented in the following international for:

- i. Delegation led by Auditor General met with the Auditor General of Qatar in Doha.
- ii. Delegation led by Auditor General participated in the 2019 AFROSAI-E Strategic Review & 16th Governing Board Meeting, Maputo, Mozambique.
- iii. The Auditor General attended the Annual World Bank spring meetings in Washington DC, USA. He also met with World Bank senior officials, U.S Treasury officials, and others.
- iv. Delegation led by Auditor General attended the XXIII INCOSAI Conference Moscow, Russia.
- v. The Auditor General accepted nomination to the Interim Oversight Board (IOB) of the African Professionalization Initiative (API). Also attended a Forum for Africa Public Financial Management, in Addis Ababa, Ethiopia.
- vi. OAG representative attended Technical Update and Regularity Audit Refresher in Cape Town and Pretoria in South Africa.
- vii. Delegation led by Auditor General attended ARABOSAI 13th General Assembly Meeting, Doha – Qatar.
- viii. The Auditor General attended the 12th United Nations Conference on Trade and Development (UNCTAD) Debt Management Conference, Geneva, Switzerland.
- ix. The Auditor General participated in the 8th Session of the Conference of the State Parties to the United Nations Convention against corruption (8th COSP) Organized by SAI of UAE, Abu Dhabi, United Arab Emirates.



Delegation led by Auditor General attended at XXIII INCOSAI Conference in Moscow, Russia



The Auditor General in a United Nations Convention against corruption (8th COSP) Organized by SAI UAE, Abu Dhabi, United Arab Emirates



Delegation led by the Auditor General Attended ARABOSAI 13th General Assembly Meeting, Doha – Qatar

5.2 OAGS Peer-support project – IDI & AFROSAI-E

For the period of 2018-2020 the INTOSAI Development Initiative (IDI) and AFROSAI-E are supporting OAGS to implement the six Strategic Goals, with a priority of goals 1, 2 and 6. The support is provided as a combination of technical peer-support and logistical support to key events and training. The peers come from the IDI, AFROSAI-E and SAI Uganda.

In 2019, the following key activities were carried out through the peer-support project:

- i. Deepening understanding of the International Standards for Supreme Audit Institutions (ISSAIs), and in particular finalization and adoption of the AFROSAI-E Financial Audit Manual (FAM) and Compliance Audit Manual (CAM). This also included training on Audit Flow for purposes of gaining better understanding of automating audit processes. This is helpful with advancing with Goal 5 of the Strategic Plan;
- ii. Facilitated cooperation with audit offices of the Federal Member States through a joint meeting and workshop held in Mogadishu and joint audit trainings in Addis Ababa in July and December 2019;
- iii. Facilitated meetings of the Governing Board, and annual technical update for all AFROSAI-E members; and
- iv. Facilitated a stakeholder sensitization workshop in Mogadishu for members of the Parliament, key ministries and government entities, civil society and Somali scholars organization;
- v. Guidance to SAI performance report, operational planning and quarterly reporting;
- vi. Guidance to donor coordination; and
- vii. Training in human resource management and guidance to training needs assessment and planning.

5.3 The World Bank support

Under the PFM project, the OAGS is receiving support from the World Bank through the provision of long-term advisors. The advisors, who were recruited towards the end of 2019, include the following: (a) International & Regional Technical Advisor, (b) Communication Technical Advisor; and (c) a Junior Audit Advisor to work with the Key Audit Advisor. These advisors are recruited on an annual basis.

In 2019, the following key activities (among others) were carried out through World Bank support:

- i. The consultants conducted staff assessment of the National and International Relations Coordination Unit, and this is to be completed in 2020;
- ii. Continued to provide the necessary technical support to finalize draft organization structure of the National and International Relations Coordination Unit, which is also to be completed in 2020.

5.4 The EU Budget Support Program

Through the EU Budget Support Program to the FGS, OAGS has received support from recruitment of technical advisors for the project life to mid-2021 since January 2019. The Key Experts are the long-term advisors, one for audit and the other for legal matters. Short-term experts are to be recruited on a need basis. Furthermore, the EU continues to provide additional resources to support implementation of some of the activities envisaged in the OAGS Strategic Plan, also on a demand basis.

In 2019, the following key activities (among others) were carried out through EU Budget Support Program:

- i. Provided technical on-the- ground support to audit staff during the audits conducted in 2019;
- ii. Supported the audit staff in producing high quality audit reports – 2 Compliance audit reports and financial audit report that were published;
- iii. In close cooperation with IDI and AFROSAI-E, participated in training of audit staff in Addis Ababa, Ethiopia;
- iv. Provided technical on-the-ground support to OAGS annual workshop and stakeholder engagement in August in Mogadishu;
- v. Provided technical on-the-ground support in preparing the September Semi-annual meeting of the OAGS;
- vi. Provided technical on-the-ground legal advisory services to the Auditor General and staff; and
- vii. Provided on-the-ground advisory services in a broad range of audit issues to the Auditor General and his staff.

The budget of the OAGS for 2019 was aligned with the appropriated budget passed by parliament of the FGS. All income and expenditure are allocated to the relevant Heads and sub heads within the budget line for the OAGS. Appropriate financial management systems are maintained to enable reporting at various levels of detail from transaction level to the OAGS.

Although the Appropriated Budget was US \$1.78 million for the year ended 31 December 2019, actual allocation was about US \$ 1.76 million representing near 100% utilization. However, the budget is inadequate for the OAGS to have adequate staffing in view of increased audit mandate and activities.



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