



FEDERAL REPUBLIC OF SOMALIA
OFFICE OF THE AUDITOR GENERAL



**ANNUAL
PERFORMANCE
REPORT**

2020

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Abbreviations

ABBREVIATION	EXPLANATION
AFROSAI-E	African Organization for English-speaking Supreme Audit Institutions
AG	Auditor General
CAM	Compliance Audit Manual
EU	European Union
DAG	Deputy Auditor General
FAM	Financial Audit Manual
FGS	Federal Government of Somalia
FMS	Federal Member State
FOAM	Forensic Audit Manual
HR	Human Resource
IDI	INTOSAI Development Initiative
INTOSAI	International Organization for Supreme Audit Institutions
ISSAIs	International Standards for Supreme Audit Institutions
IT	Information Technology
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MIS	Management Information System
OAGS	Office of the Auditor General, Federal Republic of Somalia
PFM	Public Financial Management
RNE	Royal Norwegian Embassy
S-SEAT	Somalia SAI Enhancement Audit Tool
SAI	Supreme Audit Institutions
SAI PMF	Supreme Audit Institution Performance Measurement Framework
SFMIS	Somalia Financial Management Information System
SWOT	Analysis of Strengths, Weaknesses, Opportunities and Threats
WB	World Bank

Foreword



I am pleased to present the 2020 Annual Performance Report of the Office of the Auditor General of Somalia (OAGS), the last year of the Strategic Plan of 2017-2020. The OAGS is responsible for audits of the federal government institutions (ministries, departments, agencies and local governments or MDAs) excluding the Federal Member States.

In 2020 we conducted compliance audits of 35 entities (MDAs) in respect of the financial year ended 31 December 2019. This was out of the 67 entities, representing 52 % 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 (h) debt management (i) revenue.

During the year, we also, for the second 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 2019 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 second 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.

Also, for the first time in the history of the OAGS, a forensic audit was conducted successfully in the Ministry of Health at the request of the Attorney General. This resulted in successful prosecution and imprisonment of a number of government officials from the Ministry of Health, Ministry of Fisheries, and Ministry of Finance for years ranging from 3-18 years. This has also facilitated advancement in major policy changes for a better PFM system.

We also conducted audits of externally financed projects by the WB and African Development Bank. The audits were outsourced, but the OAGS reviewed and issued the reports.

The revised audit bill that was developed in 2018 was unanimously passed by Parliament in November 2020. The new audit bill, when assented by the President, 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 November 2020, audit offices of the Federal Member States participated virtually due to COVID-19. Leading experts presented useful papers to

staff, and we discussed how to manage our offices strategically and how to ensure audit recommendations are implemented.

The number of staff of OAGS has increased to 103 dedicated personnel as compared to 90 in 2019. My leadership is currently focusing on building a dedicated, professional and responsive staff. When given trust and responsibility, the staff is willing and able to take initiative. Our progress is a testament of our strategic and professional leadership, built around talented staff keen to see improvements.

Our progress is also related to flexible support mechanisms. During the year our Office received limited financial resources from the FGS. However, financial and technical support from various partners including the IDI, AFROSAI-E, the Norwegian embassy, the European Union (EU), and the World Bank have enabled several activities to be initiated and concluded during the year.

In 2020 the number of advisors and consultants on the ground has increased from two to four by the end of the year (two through the EU Budget Support Program and two through the World Bank). These advisors and consultants have made significant contributions to the OAGS 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 had an ambitious Strategic Plan (2017 – 2020), giving us the direction and vision for modernization and adoption of International Standards of Supreme Audit Institutions (ISSAIs). This report shows we have made some progress in achieving the goals and objectives

for 2017-2020. To complete the intended activities and achieve most of the objectives set, we have revised the plan slightly and extended it for two more years (2021-2022). Two new key items included in the Extended Strategic Plan are: (a) training in forensic audit; and (b) initiating implementation of Professional Development Program.

The COVID-19 crisis has affected OAGS in various areas during the year. We were not able to progress as planned with audits, and our final audit reports became delayed. Safety of staff was a high priority and we took several measures to ensure this. The planned activities and support from our Partners from 2020 Operational Plan had to be adjusted as we could not meet physically. I am proud that we have during the year been able to increase our use of virtual communication and interaction both internally and with Partners. This has enabled us to move on and achieve some key strategic objectives in spite of the challenging situation.

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.



H.E. Mohamed Mohamud Ali "Afgoi"
Auditor General, FRS

1. About the OAGS

1.1 Mandate

The OAGS' audit mandate is provided 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); and Law No. 17 of 25/12/2019 – Public Financial Management; the OAGS is responsible for auditing all revenues and expenditures, capital projects, grant, contracts, assets (movable and immovable property of the state) and debt.

1.2 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 finances".

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, integrity and professionalism in its own operations.

1.3 Mission

The mission is to: "to provide high quality audit services using International Standards of Supreme Audit Institutions (ISSAIs) and provide recommendations that improves public sector performance".

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.

1.4 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:



To be a leading audit institution that is responsive, effective and efficient in promoting transparency and accountability in the use of public resources



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.

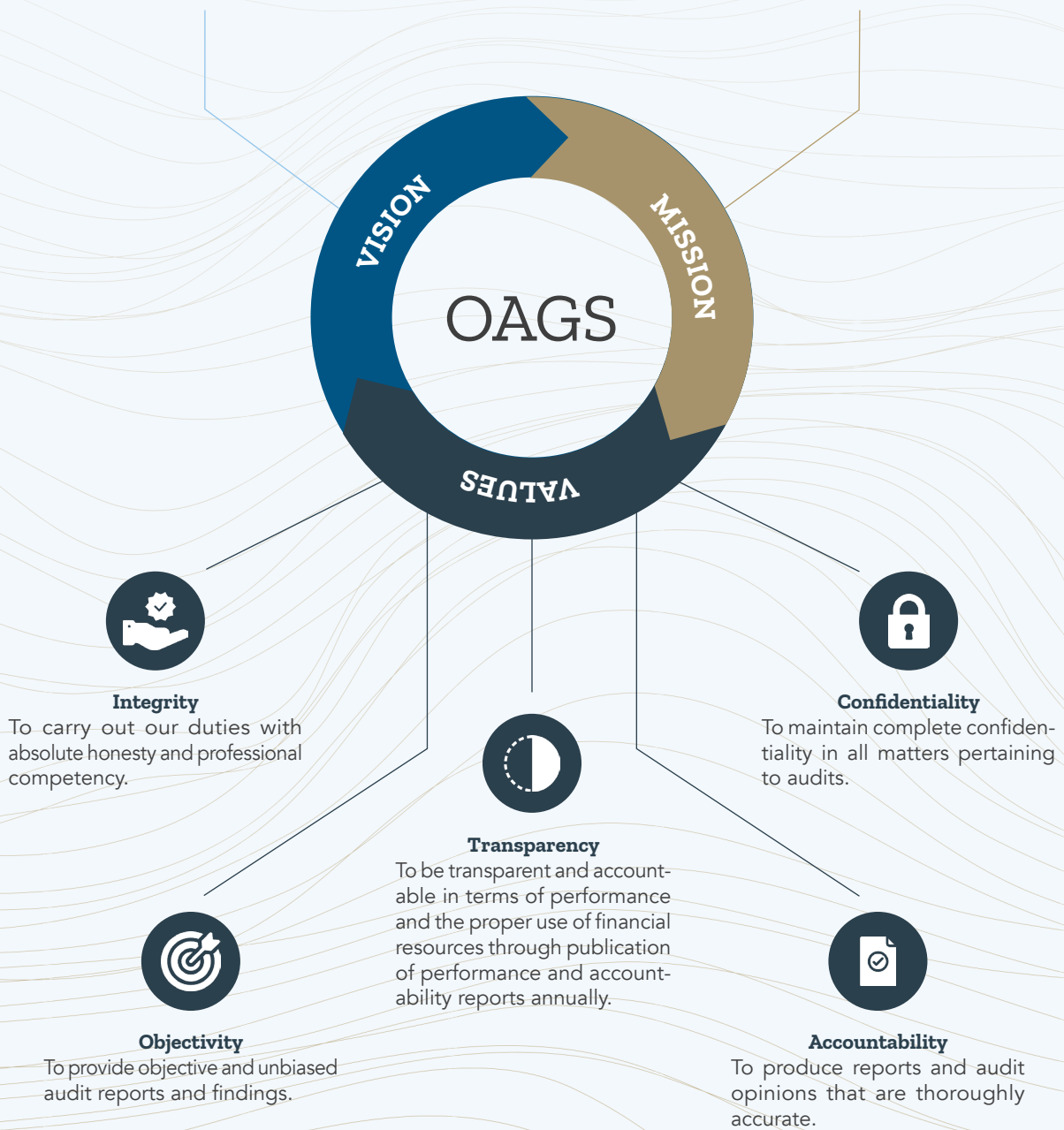
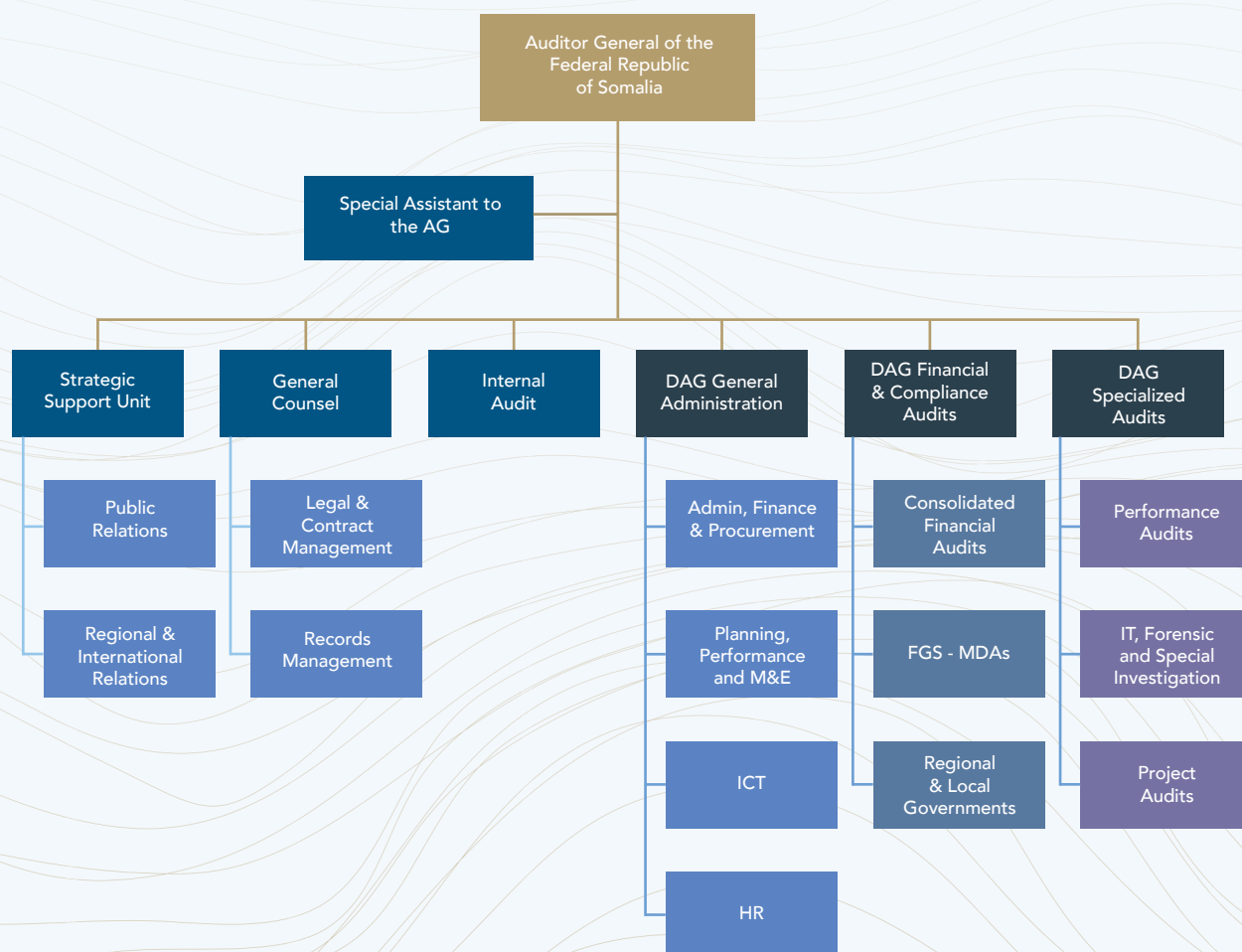


FIGURE 1 VISION, MISSION AND VALUES

1.5 Organizational structure

The organizational structure of OAGS in 2020 has not been changed from the previous years, but this is planned to change when the new audit bill is enacted. The proposed new organization structure, at a high level, is shown in **figure 2**.

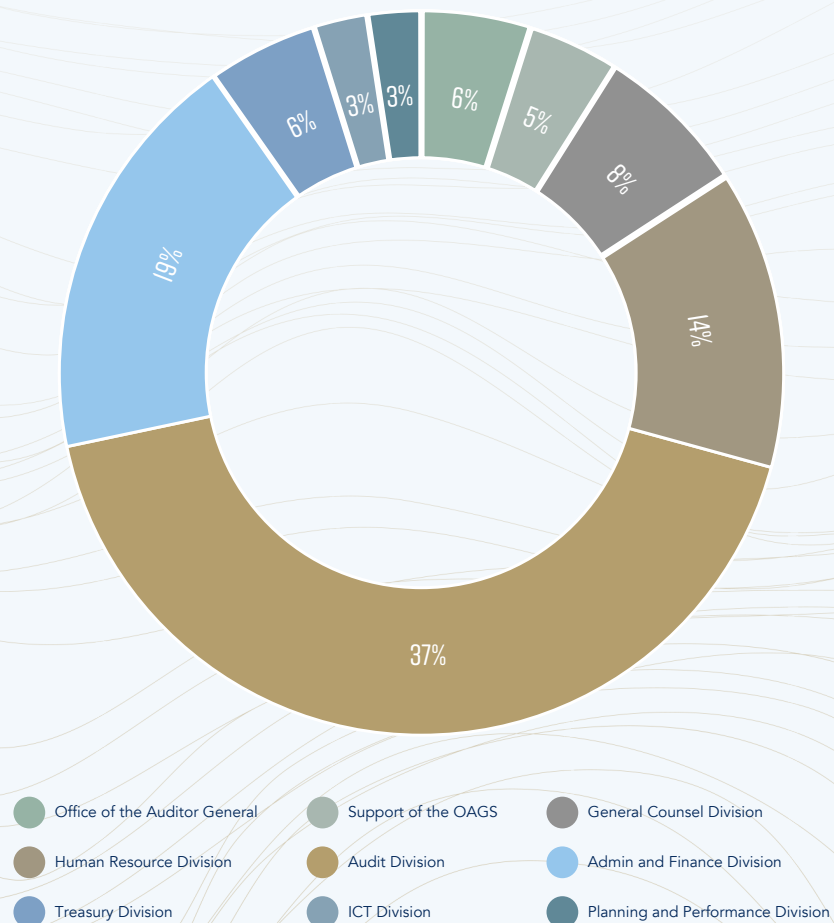
FIGURE 2 ORGANIZATIONAL STRUCTURE



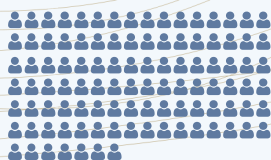
1.6 Human resources

The graphics and charts in **figure 3** show the number of staff and their status in OAGS in 2020.

FIGURE 3 STAFF NUMBERS PER DEPARTMENT IN OAGS IN 2020

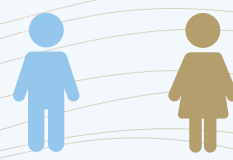


NUMBER OF STAFF



103 Staff Members

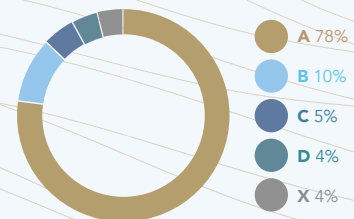
GENDER



65% **M**

35% **F**

GRADE



1.7 Critical 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. These are as follows:

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

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

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.

Active use of an operational plan and action plans

The OAGS use the Annual Operational Plan to set relevant priorities for the year and coordinate support by partners. 2020 was the last year of the Strategic Plan (2017-2020). The Strategic Plan has been extended for a period of two more years (2021 and 2022) and has retained the six goals. The OAGS will continue to set a comprehensive and realistic Operational Plan clarifying the specific activities, timelines and responsibilities.

Monitoring and Evaluation

The implementation of the Strategic Plan 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. During the year, there were various management meetings to monitor and follow-up on implementation of the operational plan.

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. During the year, we conducted an end-term review of the strategic plan assessing performance of the SAI PMF indicators set for the goals of the strategic plan. This assessment and consultations with staff and partners gave basis for extending the Strategic Plan for two more years.

Performance Reporting

Measurement of output achievement will be done through Internal Reporting and Monitoring arrangements. For the last three years, SAI Performance Reports have been produced annually and shared with our key stakeholders. In the coming years, this reporting mechanism is planned to be integrated into OAGS Management Information System. Annual monitoring will also be done through the Institutional Capacity Building Framework.

2. Audit activities and reports 2017-2020

OAGS has since 2017 put a high priority on increasing the audit coverage and improving the audit quality. The audits reports issued in 2018 and 2019 are presented in brief below before presenting the audits issued in 2020.

2.1 Audit reports issued in 2018

The OAGS issued a regulatory audit report on the Federal Government of Somalia in respect of 2 financial years ended 31 December 2016 and 2017 by 30th June 2018. The report, as required by the laws, were issued to the two houses of parliament (Upper House and the House of the People), with copies to the Offices of H.E. the President and H.E. the Prime Minister. This report was a summary of main findings following audits of 35 ministries and agencies out of 60 entities, representing 58% of the entities.

2.2 Audit reports issued in 2019

Compliance audit reports

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 6 non-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. Both reports were published.

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.

Financial audit report

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 using the Cash Basis IPSAS (International Public Sector Accounting Standards). Using the International Standards of Supreme Audit Institutions, (ISSAIs), the financial statements were audited and an independent audit opinion was issued for the first time in our history and submitted to parliament. Copies of the report along with the audited financial statements were also submitted to the Offices of H.E. the President and H.E. the Prime Minister. Also, for the first time, the report was published.

2.3 Audit reports issued in 2020

Compliance audit report

In 2020 OAGS submitted for the second year a Compliance Audit Report. Due to the COVID-19 pandemic, less entities than planned were covered. 35 entities of the Federal Government of Somalia were audited, while the plan was to audit 41 entities. This means we audited 52 % of the 67 entities of the FGS. The report also highlighted the implementation status of audit recommendations of prior years as part of audit follow-up.

Financial audit report

For the second year in the recent history of the FGS, the Accountant General's Office, submitted for audit financial statements of the FGS for the year ended 31 December 2019 using the Cash Basis IPSAS. The quality of the financial statements was much improved compared to the previous year. Using the International Standards of Supreme Audit Institutions (ISSAIs), the financial statements were audited and an independent audit opinion was issued and submitted to parliament. Copies of the report together with the financial statements were also submitted to the Offices of H.E. the President and H.E. the Prime Minister. Also, the audit report was published alongside the audited financial statements.

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 2019 fiscal year, the OAGS conducted audits of 13 of development projects as shown in table 1. All project audits were conducted by the OAGS with support of external audit firms contracted.

TABLE 1: INTERNATIONALLY FUNDED DEVELOPMENT PROJECTS AUDITED IN 2020

Project	Donor	Responsible MDA
Public Financial Management (PFM) Capacity Strengthening project Phase II	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 and Telecommunication
Somali Urban Investment Planning Project (SUIPP)	World Bank	Jubbaland State of Somalia
Somali Urban Resilience Project (SURP)	World Bank	Benadir Regional Authority

Project	Donor	Responsible MDA
Economic and Financial Governance Institutional Support Project (EFGISP II)	African Development Bank	Ministry of Finance
Somali Electricity Access Project (SEAP)	World Bank	Ministry of Energy and Water
Somali Petroleum Technical Assistance Project	World Bank	Ministry of Petroleum
Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift (SCALE UP)	World Bank	Ministry of Finance
Somali Urban Investment Planning Project (SUIPP-AF)	World Bank	South West State of Somalia

Registration of government contracts and decrees

In 2020, the OAGS registered a total of 128 contracts as submitted by FGS institutions; registered 81 Presidential Decrees. We noted that not all FGS entities have submitted contracts for registration . This is not consistent with the Law No. 34 of 14/04/1972 (Magistrates of Accounts).

3. Progress and results per strategic goal 2017-2020

3.1 The Goals of the Strategic Plan

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 from 2017 up to 2020 for the key expected outputs of each of the strategic goals. Each strategic goal has defined indicators of goal achievement (primarily SAI PMF indicators¹) and these have been measured in mid-2020.²

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

A key priority of OAGS over the latest years has been to expand the audit coverage of financial and compliance audits. As presented in chapter 3, a main achievement has been submission of financial and compliance audit reports using ISSAIs. In 2019 OAGS received a regional prize from AFROSAI-E for this achievement. A high number of auditors were trained during these years, 9 with support from IDI, AFROSAI-E, World Bank and the EU. In terms of audit coverage, the number of MDAs covered under compliance audit increased from none in 2018, to 25 in 2019 and to 35 in 2020, representing over 50 % of MDAs audited. For the security sector entities, almost all of them were covered during the last two years of the Strategic Plan.

Customization of both manuals (Financial Audit Manual - FAM and Compliance Audit Manual - CAM) were completed and translated, but awaiting final review of applied concepts in Somali. This process will be completed once the manuals have been incorporated in A-SEAT as the audit process is automated. Training on the manuals were conducted in 2017, 2018 and 2019, but no training was conducted in 2020 because of COVID-19 impact. However, FAM and CAM champions were appointed to roll-out training to all audit staff in early 2020.

Table 2 shows the progress for each of the objectives under the strategic goal.

1 SAI PFM indicators are used worldwide and endorsed by the INTOSAI. These are indicators for measuring capacity and performance of Supreme Audit Institutions. They form the part of a SAI PMF assessment which is a method to assess holistically the performance and needs of a SAI. Scores of each indicator range from 0 to 4. See more information here: SAI Performance Measurement Framework (idi.no)

2 When this report is printed, the OAGS scorings of the SAI PMF indicators are undergoing an external and independent quality review. The scorings may be adjusted following this review.

TABLE 2: PROGRESS PER OBJECTIVE FOR GOAL 1

Objective	Status by the end of 2020	Comments for 2021
ISSAI based Audit manual for regularity audit (financial and compliance) customized, introduced, and applied.	<p>Financial and Compliance Manuals were developed, customized and translated.</p> <p>Training on the above manuals was conducted and champions appointed to roll-out the training to the rest of audit staff.</p> <p>Started conducting audits and issuing audit reports using guidance provided by the manuals.</p>	<p>CAM & FAM champions to roll-out training to the rest of staff in 2021.</p> <p>Audits for the financial year ended 31 December 2020 to be based on full adoption of ISSAI during audits in 2021.</p>
Performance audit manual (PAM) customized, introduced, and applied.	Not prioritized for the strategic planning period.	SFMIS knowledge and ICT- Audit Capacity will be developed further in 2021 and 2022.
Strengthened SFMIS knowledge and ICT- audit capacity	<p>Basic virtual training in audit of ICT-risks and systems were conducted for a selected number of OAGS staff.</p> <p>SFMIS specific training not implemented during the year.</p>	SFMIS knowledge and ICT- Audit Capacity will be developed further in 2021 and 2022.
Quality assurance carried out	<p>Training in concepts and procedures of quality control and quality assurance executed.</p> <p>Quality assurance by AFROSAI-E team was done in 2020.</p>	

The scores for the indicators set for goal 1 are shown in table 3. The results show relatively good scores for compliance audit results; however, still areas of improvement related to timeliness of reporting and actual use of set working papers in the audit process.

TABLE 3: RESULTS OF INDICATORS FOR GOAL 1¹

Indicator	2020 result	Comments
SAI-16 Compliance audit process	2	The score reflects Some potential improvements related to the actual use of compliance audit working papers in the audit process. This will be addressed in 2021-22.
SAI-17 Compliance audit results	3	There are potential improvements related to the follow-up of compliance audit findings that were included in the reports issued in 2020. and shared the responsible parties

3.1 Goal 2: 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.

- I. The OAGS has, in 2020, managed to strengthen its own internal governance in several areas:
- II. Issued quarterly reports showing progress versus the Operational Plan
- III. Developed approved Annual Overall Audit Plan, and other individual audit plans
- IV. Developed a revised Annual Operational Plan for 2020
- V. Developed and published 2019 SAI Performance Report
- VI. Assessed progress of strategic goals and indicators in mid-2020, as a basis for an extended strategic plan for 2021-2022
- VII. Developed annual operational plan for 2021 and 2022

Cooperation mechanism with the Auditor Generals of the Federal Member States (FMS) as well as with development partners is firmly established and meetings are conducted periodically. Due to the COVID-19 pandemic it was not possible to invite FMS to Mogadishu but a virtually meeting was held in November. The agenda included discussions and initiation of cooperation in the areas of capacity building and audit methodology. Regular joint meetings were held with development partners to

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

ensure coordination and efficient sharing of information. Documented quality control practices are yet to be formally introduced and applied to all audits. Table 4 shows more details of the progress for each of the objectives under the strategic goal.

TABLE 4: PROGRESS PER OBJECTIVE FOR GOAL 2

Objective	Status by the end of 2020	Comments for 2021
An improved system for overall Annual audit planning established	The audit plan was improved from 2019 to 2020. This has improved significantly as the development of the 2020 Annual Overall Audit Plan for audits for the fiscal year 2019 has been prepared based strictly on risk assessment.	The current audit plan template seems suitable and can be used for the coming years. An annual overall Audit Plan for 2021 audits completed.
Strengthened Performance Management	Operational Plan applied for all years, but not substantially achieved due to several reasons, particularly lack of financial resources; lack of additional TA in certain areas; lack of office space in 2019; and the COVID-19 pandemic in 2020.	Quarterly internal reporting will be improved, and the new Operational Plan for 2021 has picked most of the activities carried forward from 2020. Internal quarterly reporting to be improved further during 2021.
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 to be completed, introduced and applied to all audits for all stages of the audit processes.	Quality control system (procedures) is customized, but needs to be further applied for audits to be conducted in 2021 and beyond.

Objective	Status by the end of 2020	Comments for 2021
Strong change management and a new Organizational structure implemented	Training on organizational culture for managers was held in 2018 and a new organizational structure was developed in 2018. However, implementation of a new organization structure awaits enactment of the new audit act.	This will be reviewed in 2021 depending on enactment of the new audit law.
Strengthened integrity internally	The 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 the Code of Ethics.
Improved conditions of service and staff remuneration	Not planned in 2020; awaiting enactment of the audit law.	To be considered in 2021 if a new audit law is enacted.

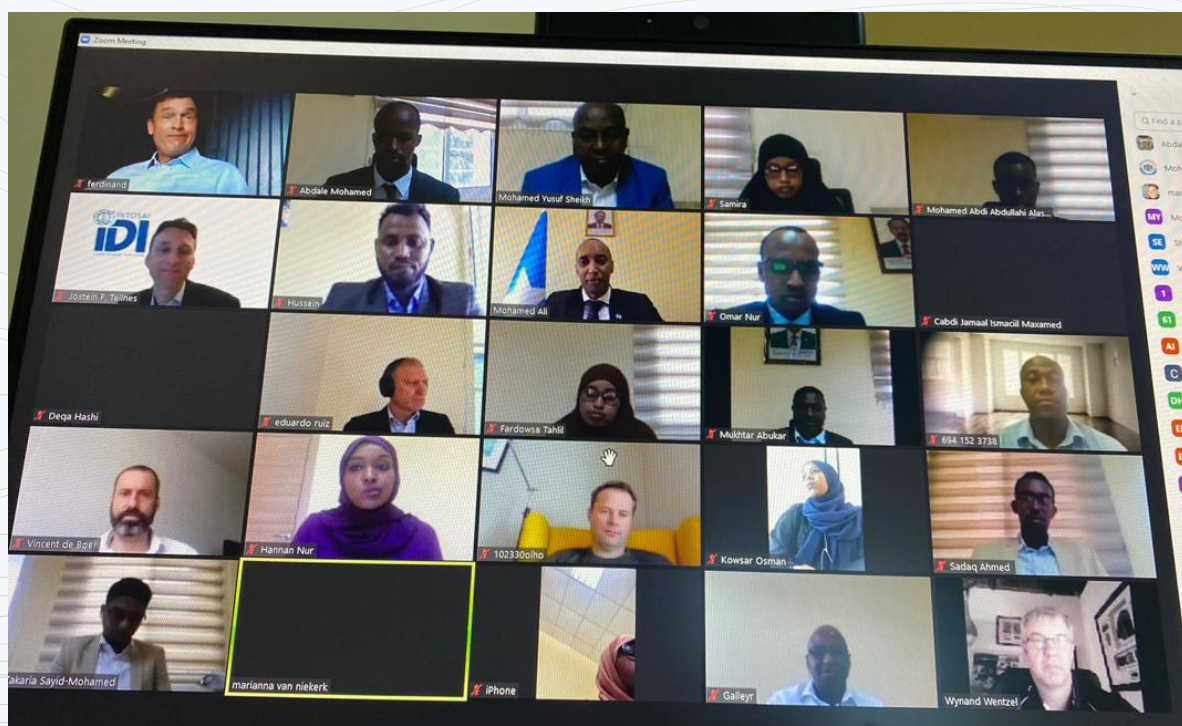
Table 5 shows scores of all indicators set for goal 2. The results show OAGS has come far in establishing a good strategic planning cycle, and set good basic systems and practices for audit planning, organizational control, leadership and internal communication. The main areas of improvement are for how audits are outsourced and the audit coverage. These are also much linked to efforts in goal 1, and will be measured related to this goal for 2021-2022.

TABLE 5: RESULTS OF INDICATORS FOR GOAL 2

Indicator	2020 result	Comments
SAI-3 Strategic planning cycle	3	Some potential improvements related to monitoring and reporting.
SAI-4 Organizational control environment	2	Potential improvements related to internal control, quality control and quality assurance.

Indicator	2020 result	Comments
SAI-5 Outsourced audits	1	Some potential improvements in particular related to quality assurance of outsourced audits.
SAI-6 Leadership and internal communication	2	Potential improvements related to internal communication
SAI-7 Overall audit planning	2	A tangible improvement related to the overall annual planning developed
SAI-8 Audit Coverage	1	Some Potential improvement was made in the audit coverage.

PICTURE1 SEMI-ANNUAL MEETING OF THE OFFICE OF AUDITOR GENERAL WITH DEVELOPMENT PARTNERS



3.4 Goal 3: 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 achievements in 2020 include developing a draft communication strategy and policy and holding an annual engagement meeting and stakeholders' workshop in November. This year the stakeholders invited were the Federal Member States OAGS. Due the COVID-19 pandemic the workshop was done virtual. Topics included update on audit activities and strategic management.

Table 6 shows more details of the progress for each of the objectives under the strategic goal.

TABLE 6: PROGRESS PER OBJECTIVE FOR GOAL 3

Objective	Status by the end of 2020	Comments for 2021
Strengthened stakeholder relations with the parliament, the judiciary, the president and the prime minister	<p>For the third year annual engagement meetings and Stakeholder's workshop for OAGS was held in November 2020 in Mogadishu online.</p> <p>The key stakeholders were sensitized on the role of the OAGS in strengthening capacity building and audit methodology public financial management in the FGS.</p> <p>Two coordination meetings with development partners and advisors were held in February and November 2020.</p>	Planned to have an annual stakeholder workshop in Q3, 2021.
SAI reports and information are publicized	For the second year, financial and compliance annual audit reports for the financial year ended 31 December 2019 were published and were made available on the Website of the OAGS.	More reports will be made public on the in the Website during 2021.

Objective	Status by the end of 2020	Comments for 2021
The degree of implementation of audit recommendations is clearly shown in the annual audit report	The degree of implementation of audit recommendations were 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.

PICTURE 2: OAGS STAFF RECEIVING RECOGNITION AWARDS AT ANNUAL STAFF RETREAT 2020



PICTURE 3: PARTICIPANTS AT THE ANNUAL STAKEHOLDERS MEETING NOVEMBER 2020



The scores of the indicators for goal 3 are shown in table 7. 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 media and civil society.

TABLE 7: RESULTS OF INDICATORS FOR GOAL 3

Indicator	2020 result	Comments
Percentage of audit recommendations implemented	52% Implemented and 10% Partially Implemented	Potential improvement related to the audit recommendations of selected subject matters based on annual overall audit plan of 2019.
SAI PMF indicators SAI-24 Communication with the Legislature, Executive and Judiciary	2	Potential and improvement with Legislature, Executives and Judiciary
SAI-25 Communication with the Media, Citizens and Civil Society Organizations	2	Potential for more engagement with civil society and citizens

3.5 Goal 4: Well qualified and professional staff and management

Building the key elements of HR systems in OAGS were addressed partially in 2019, such as by drafting job descriptions for management level and an HR policy for OAGS. HR-managers also took part in training and an action plan and professionalism to strengthen HR-management. In 2020 a professional development program was developed with the aim to get a well-qualified and professional staff who deliver quality work. The OAGS wants to, through training and professional development opportunities, also positively influence staff morale, job satisfaction and the scope in which staff apply their skills and abilities on the job – all key contributors to improved productivity and performance in OAGS.

Table 8 shows more details of the progress for each of the objectives under the strategic goal.

TABLE 8: PROGRESS PER OBJECTIVE FOR GOAL 4

Objective	Status by the end of 2020	Comments for 2021
Strengthened HR-capacity established	Preliminary HR assessment was initiated through the WB CIP programme and a draft report was produced. Draft HR-policy and job descriptions developed.	The draft report of HR assessment to be reviewed, updated and finalized with support from HR consultant in 2021.
Holistic Planning of professional development	Holistic Planning of Professional Development is achieved during the year of 2020.	
Professional development program implemented	This was planned for 2019. However, planning phase didn't start until 2020.	Implementation of an approved Professional development programme planned to start in 2021 and beyond
Support professional development of staff of the Federal Member States OAGs	This was partially achieved in 2019 with FMS representation at 2 audit training workshops.	This will be reviewed and continued in 2021.

Table 9 shows the results of the indicators for goal 4. As OAGS has not yet implemented a professional development programme, the score is relatively low for this area. For human resource management, OAGS has established some basic plans and systems. Still, this is an area in need of improvements.

TABLE 9: RESULTS OF INDICATORS FOR GOAL 4

Indicator	2020 result	Comments
SAI-22 Human Resource Management	2	Potential improvement related to HR policy.
SAI-23 Professional Development and Training	1	Potential improvement related to the Professional development program plan and its project charter.

3.6 Goal 5: Sufficient infrastructure and ICT capacity for efficient operations

In 2020 the OAGS actively made use of digital tools for videoconferencing, enabling more efficient operations and communication during the pandemic. For the strategic planning period as a whole, 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 were completed in 2019 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. (e) A-SEAT program is in process. Table 10 shows more details of the progress for each of the objectives under the strategic goal.

TABLE 10: PROGRESS PER OBJECTIVE FOR GOAL 5

Objective	Status by the end of 2020	Comments for 2021
Strengthen ICT-management capacity and support service	<p>Preliminary ICT assessment was initiated, and a draft report was produced.</p> <p>Preliminary ICT policy and action plan was developed in 2019.</p>	<p>The draft ICT Policy will be reviewed, finalized and translated during 2021.</p> <p>Draft ICT Strategic Plan, aligned to the OAGS Strategic Plan, to be finalized in 2021.</p> <p>Conduct more training on ICT with more emphasis on A-SEAT or automated audit processes".</p>

Objective	Status by the end of 2020	Comments for 2021
Adequate ICT-hardware and information management system used in all SAI operations	Desktop computers and some laptops are now available for all managers and some other staff.	Planned to have more IT equipment in use based on decentralized ICT physical infrastructure. More staff training to be provided in 2021 on the new ICT systems.
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.

Table 11 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 11: RESULTS OF INDICATORS FOR GOAL 5

Indicator	2020 result	Comments
New Network Infrastructure and connectivity in place	Achieved	Network in place in the head office.
Developed IT-policy	Partly achieved	Draft policy developed. Needs to be finalized and issued as a binding document in OAGS.
SAI PMF indicator SAI-21: Financial Management, Assets and Support Services	2	Some potential improvement related to staff record system, staff roles and publication of OAGS financial statement.

3.7 Goal 6: Amend the old legal framework OAGS operates under

The new Audit Bill, based on international best practices and standards for Supreme Audit Institutions, reached an historic milestone in 2020 when it was passed unanimously in Parliament. The Bill was submitted by the Council of Ministers to the Parliament (House of the People) 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 three readings in the Senate before being forwarded to the House of the People. Finally, Parliament passed the Bill unanimously on 2nd November 2020 and submitted it to the President for approval on the same day.

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

Table 12 shows more details of the progress and challenges for each of the objectives under the strategic goal, and table 12 the scoring of the indicators for the goal.

TABLE 12: PROGRESS PER OBJECTIVE FOR GOAL 6

Objective	Status by the end of 2020	Comments for 2021
A finalized legal framework submitted to the president for Approval	<p>The audit bill was passed by both houses of Parliament (the Upper House and the House of the People) and submitted to the President for assent.</p> <p>Regular meetings with key stakeholders were carried out throughout the year.</p>	The finalized legal framework is currently with the president for approval to strengthen OAGS's independence in compliance with the Provisional Constitution of the Federal Republic of Somalia.
Legal framework implemented	No progress was made during the year because the audit bill was not enacted into law during the year.	<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>

TABLE 13: RESULTS OF INDICATORS FOR GOAL 6

Indicator	2020 result	Comments
Enacted new legal framework	Not enacted	Pending President's signing
SAI-1 Independence of the SAI	2	Potential improvement related to the Audit bill
SAI-2 Mandate of the SAI	2	Potential improvement related to the Audit bill

4. International cooperation and capacity development support

4.1 Representation in international meetings and events

In 2020 OAGS was represented in the following international forums and meetings:

- I. The Auditor General participated in the 2020 AFROSAI-E Strategic Review & 17th Governing Board Meeting Accra, Ghana, Zoom online
- II. Attended the 13th INTOSAI-Donor Cooperation Steering Committee (IDSC) Meeting 2020 Web seminar.
- III. Meeting with UN, UN Agencies and partners to discuss the Forensic Audit Report of the Ministry of Health.

4.2 OAGS Peer-support project – implemented by IDI and AFROSAI-E - funded by the Norwegian embassy

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, SAI Uganda and SAI Turkey. In 2018 and 2019 peers from SAI Ethiopia and SAI Botswana have also contributed to the project.

In 2020, the following key activities were carried out through the peer-support project:

- I. Advice and guidance for application of the International Standards for Supreme Audit Institutions (ISSAIs), in particular related to the annual compliance and financial audits. Guidance to actual audits in partnership with consultants.
- II. Guidance on implementing the A-SEAT - an electronic tool for the audit process.
- III. Training and advice for developing a professional development plan, and establishing contacts with relevant institutions.
- IV. Facilitated cooperation with audit offices of the Federal Member States through a joint meeting and workshop held in Mogadishu 2020
- V. Recruitment of a Special Assistant for the Auditor General, and advice for enhanced routines for recruitments and induction of staff in general
- VI. Support to assessment of the progress of the strategic plan, and developing an extended strategic plan for 2021 and 2022.
- VII. Guidance to the SAI performance report, operational planning and quarterly reporting
- VIII. Guidance to donor coordination and partner relations.

4.3 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 were recruited on an annual basis.

In 2020, 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 was completed in 2020; and
- II. Continued to provide the necessary technical support to finalize the draft organization structure of the National and International Relations Coordination Unit, which was also, to be completed in 2020.

4.4 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 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 2020, the following key activities (among others) were carried out through EU Budget Support Program:

- I. Provided on-the- ground technical support to audit staff during the audits conducted in 2020
- II. Supported the audit staff in producing high quality audit report – for Compliance and Financial audit reports and both audit report that were published
- III. Provided technical support to the OAGS during the forensic audit of the Ministry of Health that was completed successfully in May 2020
- IV. Provided technical inputs towards contracting an external audit firm to conduct audits of the WB financed projects on behalf of the OAGS and ensure successful completion of audits
- V. Provided technical support to the OAGS for the Annual Meeting of development partners that was successfully held in February 2020 in Mogadishu
- VI. Provided technical support to the OAGS for the virtual Semi-annual meeting of development partners that was successfully held in November 2020 in Mogadishu
- VII. Provided technical support to the development of a holistic professional development program for the OAGS, in partnership with the advisors of the IDI and AFROSAI-E peer-support project.
- VIII. Provided technical inputs towards the development and finalization of the Extended Strategic Plan (2021-2022)
- IX. Provided technical inputs towards the development and finalization of the SAI Performance Report (2017-2020)
- X. Provided technical inputs towards contracting an external audit firm to conduct audits of the WB financed projects on behalf of the OAGS and ensure successful completion of the audits and reporting.
- XI. Provided technical advice and support on a number of audit related matters – reports to the World Bank; recruitment of additional advisors to OAGS through WB financial support; and ICT related matters etc.;
- XII. Provided guidance to donor coordination and partner relations; and
- XIII. Provided technical on-the-ground legal advisory services to the Auditor General and staff.

5. Financial resources

The budget of the OAGS for 2020 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 2020, 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 mandates and activities.



APPENDIX I:

OAGS Support Ecosystem

GOAL



LEAD DIVISION



Coordination Mechanisms

Report Mechanisms

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



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