



**Office of Auditor General**

## **Office of the Auditor General**

**Southwest State of Somalia**

**Annual Audit Report 2023**

**Presented to the Parliament on 25/11/2024.**



## Office of Auditor General

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**Office of Auditor General**

Transmittal Letter

25<sup>th</sup> November 2024.

Honourable Mohamed Nur Mo'allim Mohamed  
Deputy Speaker & Acting Speaker of Parliament  
Southwest State of Somalia  
Baidoa, Somalia.

Dear Sir,

In accordance with the provisions of section 32(3) of the 2018 PFM Act, And Sections 30, 32 and 33 of the Audit Act 2021 of South West State of Somalia (SWSS), I have the honour to submit to you the 2023 Annual Audit Report of the Office of the Auditor General (OAG) for tabling in the State Parliament.

This report provides a summary of the major issues identified while much more detail in relation to these issues can be found in the annexes attached. These are:

1. The 2023 Financial Statements of SWSS and accompanying Audit Opinion (Annex 1).
2. The Audit Management Letter for 2023 including the detailed findings, recommendations for improvement and formal responses from Ministry of Finance (Annex 2).

Yours Faithfully,



Mohamed Omar Ahmed  
Auditor General  
Southwest State of Somalia

- CC:
1. President South West State of Somalia
  2. Minister of Finance South West Sate of Somalia





## Office of Auditor General

# 1. Executive Summary

The Office of the Auditor General (OAG) is an independent institution whose main function is to be the external Auditor of the State as per Section 58 of the Constitution of South West State of Somalia (SWSS).

Section 32(3) of the PFM Act 2018 and Section 30(4) of the Audit Act 2021 require the Auditor General to examine, at least annually, the consolidated financial statement of the South West State of Somalia and report to Parliament. The law requires the Auditor General to express an opinion on the truth and fairness of the consolidated financial statements, report on significant findings and recommendations on the usage of public funds and also report on internal control deficiencies.

The office is led by the auditor general and is supported by two directors and two officers. Main issues that are an impediment to the full functioning of the office include and not limited to; inadequate staffing, inadequate but developing capacity among staff, lack of tools of work, lack of independence and zero financial resources to enhance the independence of the office.

Despite the aforementioned challenges, the office meets its legal mandate and reports to parliament with regards to government accounts.

This report gives a summary of the Opinion, significant findings and recommendations and internal control deficiencies for the financial year ending 31st December 2023. More detail on these findings is presented in **Annex 2** to this report along with responses from the Ministry of Finance.

The overall audit opinion is a Modified Opinion — this means that the Auditor General considers that the financial statements are a true and fair representation of the financial activities during the 2023 financial year except in the following key areas.

1. Income from local revenue streams such as Landing Fees, Road user tax, Customs Duty on Khat, livestock fees, Buildings, Examination fees, Fuel, Fines, institutional donations and Work permit taxes amounting to \$407,528.65 could not be traced to collection receipts and to the bank. The lack of original collection receipt means that we could not confirm the base of the tax, type of tax, tax rate and amount payable. Further, private payroll taxes amounting to \$ 772,254.38 lacked supporting documents. Amounts remitted by organizations and firms were not accompanied by any source of information e.g. payroll listings to give an indication of the basis of the payments and how amounts been paid was determined
2. 13% of non-payroll expenses amounting to \$1,191,393.39 were found to be supported only with internally generated documents such as commitment payment order, payment request form and the paying cheques (Bisan and bank cheque) which are all print outs of FMIS. These expenses lacked any evidence of occurrence and were hence deemed unsupported



### Office of Auditor General

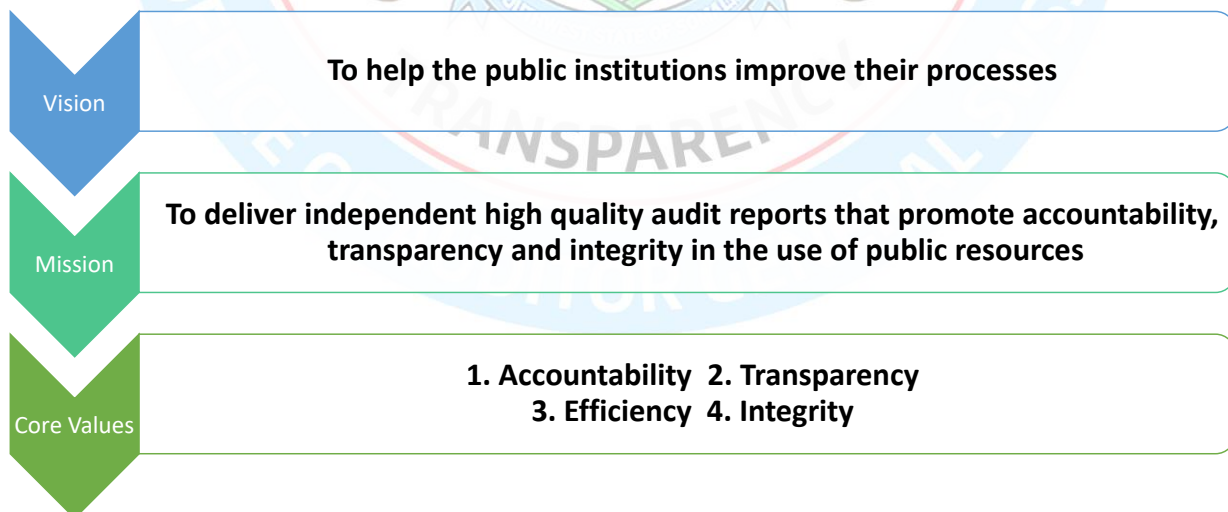
- 19% of the non-payroll costs amounting to \$ 1,691,883.6 were partially supported with third party documentations but lacked evidence of delivery or work done. These expenses lacked evidence that goods were delivered or services were rendered. There were no goods received note or delivery notes neither were certificates of work done or certifications by professional such as engineers provided. In addition, for travel expenses there were no quotation, invitation letter, boarding pass, travel authorization forms etc. In the circumstances, the expenses were deemed partially supported
- Security payments amounting to \$2,254,246.96 was spent with no proper supporting documents. We could not ascertain the number of security personnel paid per month neither were we able to determine whether payments reached the intended final beneficiaries since payments were made in bulk in the name of the ministry of internal security.
- We noted daily meals amounting to \$663,400(31% of total daily meals) were not supported with required documents and the only documents availed for audit were internally generated documents such as commitment payment orders, payment request forms, and the paying cheques (Bisan and bank cheque)

The performance of the state in this year in terms of accountability is similar with the previous year in which the audit opinion was also modified on similar basis.

The main body of this report summarises the main findings identified during the audit. Greater detail on all audit issues identified is included in the Audit Management Letter attached as Annex 2.

## 2. About the OAG

### 2.1 Vision, Mission and Core Values





## **Office of Auditor General**

### **2.2 Functions of SWSS OAG as per Audit Law**

As per Sections 6 and 7 of the Audit Act 2021, functions of the OAG are:

1. To perform financial, compliance, performance and other audits on all public bodies of SWSS and report to the State Assembly with copies to the President, and the Minister responsible for finance.
2. Conduct special investigations for the purpose of ascertaining dishonesty, fraud or corruption.
3. If it is determined that sufficient evidence exists to warrant criminal investigation and prosecution, the OAG should refer the case to the Police and appropriate judicial authorities.
4. The OAG shall report at least annually, but no later than four months after receipt of the public accounts from the Minister of Finance and from Heads of Spending Agencies, on the results of the audit work of his/her office to parliament through the speaker.
5. The OAG may choose to conduct special audits and at his/her discretion prepares special reports for submission to parliament or for inclusion into annual reports.
6. The OAG to make reports public through print and electronic media, publishing through the official gazette, through comments and interviews to the press or other media on the subject of any published audit reports.

### **2.3 Current Status of the OAG**

The OAG was established in 2015 but was not fully operational until January 2018 and the Audit Act was passed by parliament on 7<sup>th</sup> January 2021. Since operationalization, with the support of donors, staff and institutional capacity have steadily improved. We are grateful for the EU funded SFAS Technical assistance project that supports FMS OAGs currently. It is worth mentioning that technical assistance alone may not achieve sustainability and have long lasting impact without addressing underlying issues such as staffing, resources, independence, tools of work, retention of staff etc. which is not currently addressed by ongoing donor support.

### **2.4 Responsibilities of Other Parties in the Audit process**

#### **Ministry of Finance**

As per section 32(1) and (2) of the PFM Act 2018, the Minister shall prepare the unaudited Final Account of the Consolidated Budget and submit it to the Auditor General no later than four months after the end of the fiscal year. The unaudited Final Account of the Consolidated Budget shall be in accordance with the content and classifications of the budget.

The independence of the Auditor General is important. As such, he has no role in the preparation of the financial statements and plays no part in controlling the underlying transactions that are reported in the financial statements.





Office of Auditor General

### 3. Key Terminologies

#### 3.1 Audit Opinion

This is the auditor's judgment on the financial statements prepared by management. An audit opinion is a professional view offered by a qualified accountant at the completion of an audit of financial records. In addition to an overall conclusion, the opinion describes the processes used during auditing, the standards used by the auditor, and other relevant information.

#### Types of Audit Opinions

**Unmodified opinion**—no reservations concerning the financial statement. This is also known as a clean opinion meaning that the financial statements appear to be **presented fairly in all material respects**.

**Modified opinion** —There are two circumstances when the auditor may choose to issue a modified opinion: When the financial statements are not free from material misstatement or When they have been unable to obtain sufficient appropriate evidence. Modification of the audit opinion may take the following three forms depending on the severity of the findings on the financial statement. The forms of modification are;

**Qualified**; this means that the auditor has taken exception to certain current-period accounting applications or is unable to establish the potential outcome of a material uncertainty. Also known as "**except for...**" opinion.

**Disclaimer opinion** — this is an audit opinion whereby the auditor is **unable to state his/her view** as to whether the financial statements are free from material misstatements due to a material limitation of scope. The auditor is therefore unable to express his opinion.

**Adverse opinion** — this is a type of audit opinion which states that the financial statements **do not** fairly present the financial position, results of operations, and changes in financial position, in conformity with the relevant financial reporting framework.

#### 3.2 Consolidated Financial Statements

These are the financial statements of the various Ministries, Departments and Agencies of the state that are presented as one combined statement for a given financial period.

#### 3.3 Materiality

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



Office of Auditor General

## 4. Key Audit Results and Recommendations

### 4.1 Report of the Independent Auditor

#### Modified Opinion

I have audited the financial statements of the South West State of Somalia which comprise the Consolidated Fund Statement of Receipts and Payments, the Consolidated Fund Statement of Comparison of Budget and Actual amounts, and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory information. In our opinion, except for the effects of the matters described in the Basis for Modified Opinion paragraph, The financial statements presents fairly, in all material respects, the financial position of the South West State of Somalia as at 31 December 2023 and its financial performance for the period then ended in accordance with the Public Financial Management Act, 2018 and the International Public-Sector Accounting Standards (IPSAS) - Financial Reporting Under the Cash Basis of Accounting, 2017.

#### Basis for Modified opinion

We identified the following material misstatements in the course of the audit conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI):

1. Income from local revenue streams such as Landing Fees, Road user tax, Customs Duty on Khat, livestock fees, Buildings, Examination fees, Fuel, Fines, institutional donations and Work permit taxes amounting to \$407,528.65 could not be traced to collection receipts and to the bank. The lack of original collection receipt means that we could not confirm the base of the tax, type of tax, tax rate and amount payable. Further, private payroll taxes amounting to \$ 772,254.38 lacked supporting documents. Amounts remitted by organizations and firms were not accompanied by any source of information e.g. payroll listings to give an indication of the basis of the payments and how amounts been paid was determined
2. 13% of non-payroll expenses amounting to \$1,191,393.39 were found to be supported only with internally generated documents. Such as commitment payment order, payment request form and the paying cheques (Bisan and bank cheque) which are all print outs of FMIS These expenses lacked any evidence of occurrence and were hence deemed unsupported
3. 19% of the non-payroll costs amounting to \$ 1,691,883.6 were partially supported with third party documentations but lacked evidence of delivery or work done. These expenses lacked evidence that goods were delivered or services were rendered. There were no goods received note or delivery notes neither were certificates of work done or certifications by professional such as engineers provided. In addition, for travel expenses there were no quotation, invitation letter, boarding pass, travel authorization forms etc. In the circumstances, the expenses were deemed partially supported
4. Security payments amounting to \$2,254,246.96 was spent with no proper supporting documents. We could not ascertain the number of security personnel paid per month neither were we able to





### Office of Auditor General

determine whether payments reached the intended final beneficiaries since payments were made in bulk in the name of the ministry of internal security.

5. We noted daily meals amounting to \$663,400(31% of total daily meals) were not supported with required documents and the only documents availed for audit were internally generated documents such as commitment payment orders, payment request forms, and the paying cheques (Bisan and bank cheque)

I conducted my audit in accordance with International Standards for Supreme Audit Institutions(**ISSAI**). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my Annual Report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in at Section 7 and 6 of the Audit Act 2021, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Office of the Auditor General Code of Ethics.





**Office of Auditor General**

## 4.2 Other weaknesses

### a. Weakness in Revenue

#### i. Local revenue;

we have noted various weaknesses in the collection, management and recording of local revenues as follows;

- a) Different agencies and ministries other than the ministry of finance collecting taxes such as Livestock fees, Landing fees, Work permit tax etc. with no proper trail and control maintained by the ministry of finance.
- b) no reconciliations between receipt books, daily collection registers, deposit slips, FMIS and RMS etc.
- c) Insufficient details on the Revenue Vouchers Details such as the Taxpayer Identification Number (TIN), type of tax, purpose of tax, rate of tax etc are not captured making it impossible to know who paid the taxes and for what purpose.
- d) Lack of automated interphase between RMS and FMIS leading to variances between the two systems

#### **Recommendation:**

- All local revenue collections be supported by original receipt books and any other original documents in which the amount collected/recorded was based on.
- The different support vouchers to include TIN, the tax base and total income being taxed.
- Consider digitization of all collections of revenues.
- We recommend for the real time interface between systems and regular reconciliation procedures to be implemented by the state.

#### ii. Weakness in Grants from Donors and FGS

Gaps identified during the review of grants from both FGS and other international organizations include and are not limited to;

- Lack of donor agreements making it difficult to ascertain budget, work plan, terms and conditions, and milestones.
- lack of proper communication channels leading to pending donor confirmations which limits our ability to conclude on the completeness of amounts received from the donor.

#### **Recommendation:**

- Donor agreements, MOUs needs to be maintained within the ministry of finance and all spending entities for ease of coordination.
- Donor agreements, MOUs and other donor related documents should reflect all necessary information such as budgets, objectives, deliverables, conditions etc
- A list of donor contacts should be maintained. And Monthly donor reconciliations should be performed.



### Office of Auditor General

#### b. Weaknesses in procurement

From the review of the procure to pay process, we noted the below weaknesses and gaps that should be improved by the Ministry:

- Procurement policy does not have stipulated guidelines on the composition and number of the procurement committee
- Procurement committee is not in place.
- No procurement plan.
- Prequalification of suppliers for goods and services is not done
- Requirements for competitive procurement process has not been complied and several instances of unjustified single sourcing have been noted

#### Recommendation:

- Conformity to the law on matters procurement is recommended. Value for money, fairness, equity and transparency in the states procurement process can only be achieved when procurement law is fully implemented.
- The State should establish a Procurement Committee to review the procurement procedures, documents, bid evaluations, award recommendations
- Competitive procurement procedures should be adhered to as per the guidelines

#### c. Weaknesses in the management of fixed assets

Following issues were noted in relation to the entities fixed assets register

- Lack of centralized fixed asset register
- Fixed assets are not tagged.
- And no evidence for periodic assets verification procedures.

#### Recommendation:

- Centralized assets register should be established and updated. This should include all government property both movable and immovable.
- The SWSS should ensure that all assets are tagged with a unique identification code.
- An asset maintenance schedule be maintained and followed, and all broken but useful pieces of assets be regularly repaired and put into good use.
- There should be regular physical verification exercise on the assets, the results of which should be updated in the Centralized assets register.

#### d. Payroll Expenses

##### Gaps in Compensation to employees

- No evidence of competitive recruitment for contract employees
- Absence of job descriptions and attendance sheet in relation to payments of contract employees





**Office of Auditor General**

- and incentive allowances
- Missing personnel files for health workers

**Recommendations:**

The state should ensure that the payroll system is automated and payroll payments should be based on biometric identification of recipients. Periodic personnel head count should be carried out prior to release of lump sum required amounts. Mechanisms for managing leave and performance should be established. Background checks are important and should be done before issuing offer letters.

**e. Failure to Implement Prior Year Audit Recommendations**

We noted that, most of the audit recommendations made for the audit year of 2022 have not yet been implemented.

The following table shows that the implementation status of OAG recommendations made in the Annual Report 2022.

Total No. of Prior Year Recommendations	Implemented	Partially Implemented	Not Implemented
15	2	1	12

The Office of Auditor General regularly gives recommendations to the Government to address the various issues identified during audit. These recommendations key tools to support effective governance and to improve financial management.

**Recommendations:**

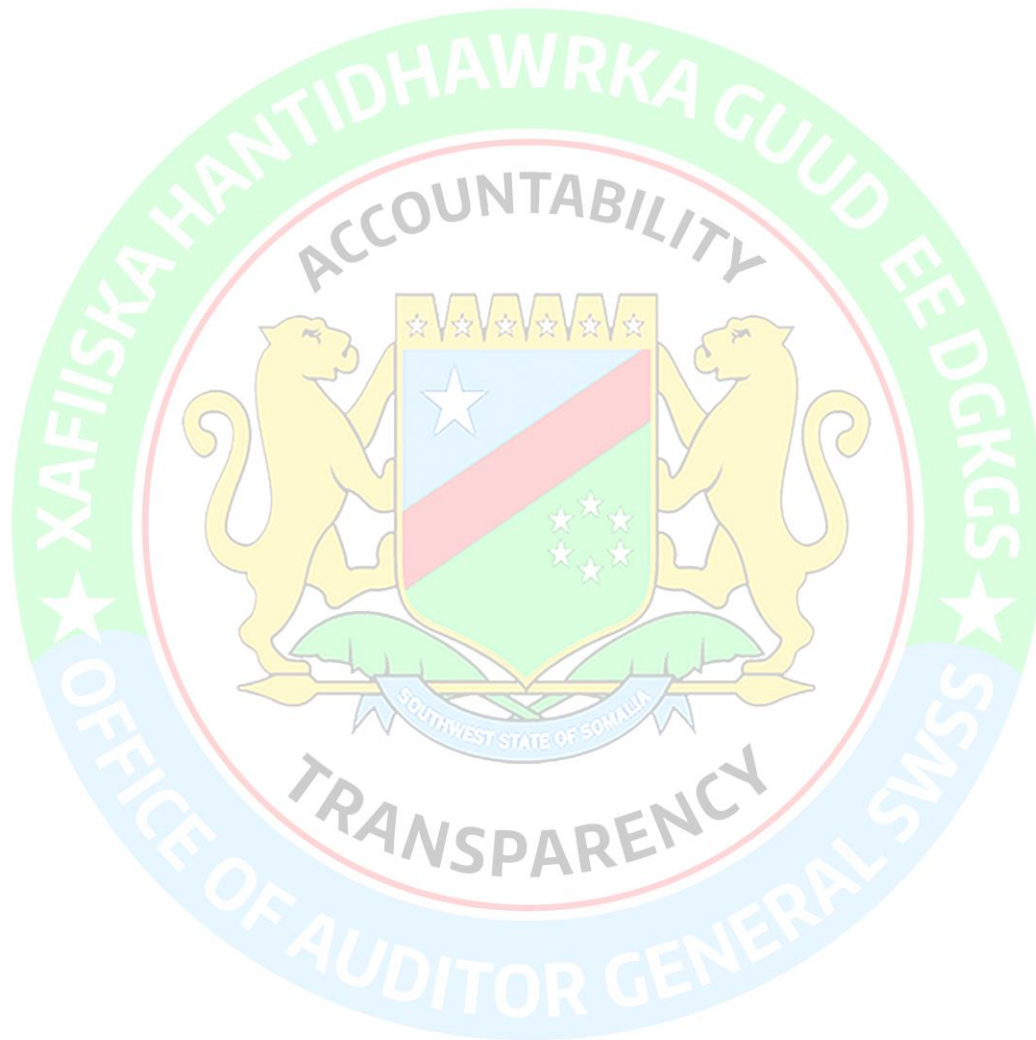
- The Ministry should develop an action plan to implement last year OAG audit recommendations with timelines and responsible officers clearly identified.
- Progress against this action plan should be reported regularly to the Minister of Finance.



**Office of Auditor General**

## 5.0 Acknowledgement

We take this opportunity to acknowledge the cordial corporation accorded to us by the officials of the Ministry of Finance headed by the Minister for Finance. We are also grateful for the valuable technical input of our EU Advisor and I appreciate e my staff for their commitment throughout this process.

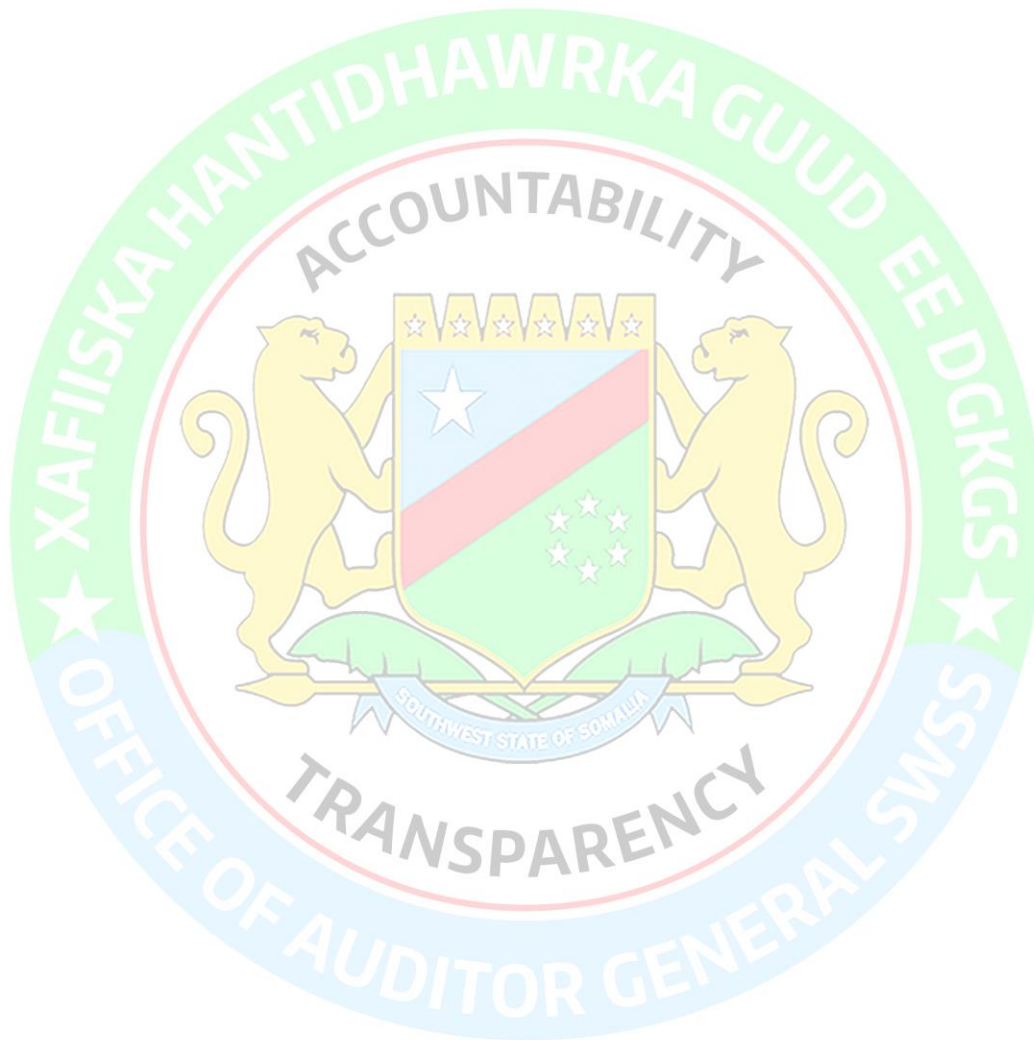




**Office of Auditor General**

Annex 1 – Auditor’s report on the SWSS Consolidated Financial Statements for the Period Ended 31 December 2023 and the accompanying financial statement.

Annex 2 – Detailed Management letter with management comments for SWSS FY 2023.





**DOWLAD GOBOLEEDKA  
KOONFUR GALBEED EE  
SOOMAALIYA**



**SOUTH WEST STATE  
OF SOMALIA**

**Office of Auditor General**

**Office of the Auditor General  
Southwest State of Somalia,**

**SOUTHWEST STATE OF  
SOMALIA (SWSS)**

**INDEPENDENT AUDITORS'**

**REPORT ON THE CONSOLIDATED**

**FINANCIAL STATEMENTS FOR**

**THE YEAR ENDED 31 DECEMBER**

**2023**

## GLOSSARY OF TERMS

FGS	Federal Government of Somalia
FY	Financial Year
IPSAS	International Public Sector Accounting Standards
(IPSAS)ISSAI	International Standards of Supreme Audit Institutions
SWSS	Southwest State of Somalia
MoF	Ministry of Finance
US\$	United States Dollar



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## 1.0 STATEMENT OF RESPONSIBILITY OF THE MINISTRY OF FINANCE

The Public Financial Management (PFM) Act 2018 of Southwest State of Somalia requires Ministry of Finance (The Ministry) to prepare Consolidated Fund Statement of Receipts and Payments for each financial year that recognizes all cash receipts and payments, and cash balances controlled by the State. The State is required to maintain proper accounting records that are sufficient to show and explain the transactions of the State and disclose, with reasonable accuracy, the financial position of the State. The State is also responsible for safeguarding the assets of the State and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Ministry accepts responsibility for the preparation and presentation of these Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS) - Financial Reporting Under the Cash Basis of Accounting 2017 and in the manner required by the Public Financial Management Act, 2018 of Southwest State of Somalia. The Ministry also accepts responsibility for:

- i) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Consolidated Financial Statements.
- ii) Selecting and applying appropriate accounting policies; and
- iii) Making accounting estimates and judgments that are reasonable in the circumstances.

Having assessed the State's ability to continue as a going concern, the Management is not aware of any material uncertainties related to events or conditions that may cast doubt upon the State's ability to continue as going concern.

The Management acknowledges that the independent audit of the Consolidated Financial Statements does not relieve them of their responsibilities.

**Approved by Minister of Finance  
Southwest State of Somalia  
Ahmed Mohamed Hussein**

**Dated: 11/11/2024**



## 2.0 INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 2.1 Independent Auditor's Opinion

#### Modified Opinion

We have audited the financial statements of the Southwest State of Somalia which comprise the Consolidated Fund Statement of Receipts and Payments, the Consolidated Fund Statement of Comparison of Budget and Actual amounts, and Government Financial Statistic (GFS) Statement of Operation for the year ended 31 December 2023 and Notes to the Financial Statements including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Modified Opinion section of our report the financial statements presents fairly, in all material respects, the financial position of the South West State of Somalia as at 31 December 2023 and its financial performance for the period then ended in accordance with the Public Financial Management Act, 2018 and the International Public Sector Accounting Standards (IPSAS) Financial Reporting Under the Cash Basis of Accounting, 2017.

#### Basis for Modified Opinion

We identified the following material misstatements during the audit conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI):

1. Income from local revenue streams such as Landing Fees, Road user tax, Customs Duty on Khat, livestock fees, Buildings, Examination fees, Fuel, Fines, institutional donations and Work permit taxes amounting to \$407,528.65 could not be traced to collection receipts and to the bank. The lack of original collection receipt means that we could not confirm the basis of the tax, type of tax, tax rate and amount payable. Further, private payroll taxes amounting to \$ 772,254.38 lacked supporting documents. Amounts remitted by organizations and firms were not accompanied by any source of information e.g. payroll listings to give an indication of the basis of the payments and how the amounts paid were determined
2. 13% of non-payroll expenses amounting to \$1,191,393.39 were found to be supported only with internally generated documents. Such as commitment payment order, payment request form and the pay cheques (Bisan and bank cheque) which are all printed out of FMIS These expenses lacked any evidence of occurrence and were hence deemed unsupported
3. 19% of the non-payroll costs amounting to \$ 1,691,883.6 were partially supported with third party documentation but lacked evidence of delivery or work done. These expenses lacked evidence that goods were delivered, or services were rendered. There were no goods which received notes or delivery notes, neither were certificates of work done or certifications by professionals such as engineers provided. In addition, for travel expenses there were no quotation, invitation letter, boarding pass, travel authorization forms etc... In the circumstances, the expenses were deemed partially supported
4. Security payments amounting to \$2,254,246.96 were spent with no proper supporting documents. We could not ascertain the number of security personnel paid per month nor were we able to determine whether payments reached the intended final beneficiaries since payments were made in bulk in the name of the ministry of internal security.
5. We noted daily meals amounting to \$663,400(31% of total daily meals) were not supported with required documents and the only documents availed for audit were internally generated documents such as commitment payment orders, payment request forms, and the paying cheques (Bisan and bank cheques)

We conducted our audit in accordance with International Standards of Supreme Audit Institutions

(ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial report* section of our report.

We are independent of Southwest State of Somalia in accordance with the ethical requirements that are relevant to our audit of the financial report, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified opinion.





### Going concern

The consolidated financial statements have been prepared using the going concern basis of accounting. Based on the audit evidence we have obtained, there has been no material uncertainty that exists related to events or conditions that may cast significant doubt on the SWSS's ability to continue as a going concern.

### Other information

The Ministry of Finance is responsible for the other information. Other information comprises the information included in the Annual Report but does not include the Consolidated Fund Statement of Receipt and Payments and our auditor's report thereon.

Our opinion on the Consolidated Fund Statement of Receipt and Payments does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Fund Statement of Receipt and Payments, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Fund Statement of Receipt and Payments, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information: we are required to report that fact. We have nothing to report on in this regard.

### 3.0 Key Audit Matters

Key audit matters are those matters that, in our opinion, our professional judgment, were of most significance in our audit of the Financial Statements of the period. These matters were addressed in the context of our Audit of Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Modified Opinion section, we've determined the matters described below to be the key audit matters to be communicated in our report: -

#### Weaknesses in revenue collection and recording

1. **Local revenue:** we have noted various weaknesses in the collection, management and recording of local revenues as follows.
  - a) Different agencies and ministries other than the ministry of finance collecting taxes such as Livestock fees, Landing fees, Work permit tax etc. with no proper trail and control maintained by the ministry of finance.
  - b) no reconciliations between receipt books, daily collection registers, deposit slips, FMIS and RMS etc.
  - c) Insufficient details on the Revenue Vouchers Details such as the Taxpayer Identification Number (TIN), type of tax, purpose of tax, rate of tax etc., making it impossible to know who paid the taxes and for what purpose.
  - d) Lack of automated interphase between RMS and FMIS leading to variances between the two systems

#### 2. Weaknesses in Grants from Donors and FGS

Gaps identified during the review of grants from both FGS and other international organizations include and are not limited to.

- Lack of donor agreements makes it difficult to ascertain budget, work plan, terms and conditions, and milestones.
- lack of proper communication channels leading to pending donor confirmations which limits our ability to conclude on the completeness of amounts received from the donor.

#### **Other gaps in Compensation to employees**

- No evidence of competitive recruitment for contract employees
- Absence of job descriptions and attendance sheet in relation to payments of contract employees and incentive allowances
- Missing personnel files for health workers

#### **Weaknesses in procurement process**

From the review of the procure to pay process, we noted the below weaknesses and gaps that should be improved by the Ministry:

- Procurement policy does not have stipulated guidelines on the composition and number of the procurement committee
- The procurement committee is not in place.
- No procurement plan.
- Prequalification of suppliers for goods and services is not done
- Requirements for the competitive procurement process have not been complied and several instances of unjustified single sourcing have been noted

#### **Weaknesses in the management of fixed assets**

The following issues were noted in relation to the entities fixed assets register

- Lack of centralized fixed asset register
- Fixed assets are not tagged.
- And no evidence for periodic assets verification procedures.



#### **4.0 Responsibilities of Management and Those Charged with Governance for the financial statements**

The Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the Public Financial Management Act 2018 and the International Public Sector Accounting Standard (IPSAS) - Financial Reporting under the Cash Basis of Accounting and for such internal control as the Management Committee is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Management is responsible for assessing SWSS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management intends to liquidate SWSS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the government's financial reporting process.

#### **5.0 Auditor's Responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect all material misstatement when they occur.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on this financial report.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material mistake resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the government's internal control.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SWSS's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SWSS to cease to continue as a going concern.



Southwest State of Somalia (SWSS) Auditors report on the states Consolidated Financial Statements for the period ended 31 December 2023

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Office of the Auditor General (Southwest State of Somalia)



Baidoa

Somalia

12<sup>th</sup> November 2024



**Annex 1: Consolidated and Ministerial Financial Statements of Southwest State of Somalia for the year ended 31 December 2023**





CONSOLIDATED &  
MINISTERIAL  
FINANCIAL  
STATEMENTS OF THE  
SOUTH WEST STATE  
OF SOMALIA

For the Year Ended 31 December 2023

*Prepared in accordance  
with the International  
Public Sector Accounting  
Standard (IPSAS) -  
Financial Reporting  
Under the Cash Basis of  
Accounting (2017)*

**Prepared by the  
Ministry of Finance  
Southwest State of  
Somalia**

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## Statement of Certification-2023 Financial Statement

The financial statement submitted for Audit in accordance with Section 32 (1) of the PFM Act 2018 shall include a Statement of Certification by the Minister outlining the basis of preparation and that the financial statements are materially accurate and fairly present the Government's financial position for the year ended 31<sup>st</sup> December 2023.

The minister further confirms the completeness of the accounting records maintained for Southwest state of Somalia which has been relied upon in the preparation of Southwest State Financial statement as well as the adequacy of the system of the internal financial control.

**For and on behalf of the Southwest State of Somalia**

**Mr. Ahmed Mohamed Hussein**



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**Minister for Finance**

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**29/04/2024**

## Executive Summary

### Overview of the Financial Statements

The Financial Statements of the Southwest State of Somalia provide a record of the Government's financial performance over the financial year, 2023 as outlined in the Statement of Receipts and Payments and the Statement of Comparison of Budget and Actual Amounts. The Financial Statements further summarize all financial transactions for the year ended 31st December 2023 and the FMS's financial cash position as at the 31st December 2023. These statements have been prepared by the Treasury Directors of the Federal Member State of Somalia and include financial information related to all Federal Member State Ministries, Departments and Agencies (MDAs).

The 2023 financial statements focus on reporting, primarily budgeted activities of the FMS for which an Annual Budget Statement was prepared for and authorized by the Federal Member State's parliament for the 2023 fiscal year. The budget and annual financial statements are produced to support FMS's strategic business and financial decisions critical to the fiscal and economic wellbeing of the state. The annual reports include the financial and budget activities of MDAs which directly and indirectly receive budget allocations from the Federal Member State. These MDA entities are listed in Note 1.2 of this report.

### Format of the Financial Statements and additional disclosures

Consolidated Financial statements of the Southwest Federal Member State of Somalia have been prepared on a cash basis with activities and related transactions recognized when cash is received, and payments are made. The financial statements for the financial year have been compiled and presented in order to make a fair presentation of the SWS's financial information and have been prepared in accordance with the Public Financial Management Act October 2018 and compliance with Part 1 of the IPSAS Cash Basis of Accounting which requires the following mandatory information to be disclosed:

#### Statement of Cash Receipts and Payments

This is a statement of financial performance and measures the net surplus or deficit (the difference between total receipts and total payments) for the year. The statement provides information on the FMS's sources of revenue and the cost of its activities.

#### Statement of Comparison of Budget and Actual Amounts by Economic Nature

The statement of comparison of budget and actual amounts presents a comparison of the budget amounts and the actual amounts for the year based on the GFS economic classification. The statements are prepared to provide information on the extent to which resources were obtained and used in accordance with the budget approved by Southwest State Parliament.

### Statement of Operations

The Statement of Operations produces summary information on the overall performance and financial position of the general government. This Statement is divided into three sections that present: revenue and expense transactions; transactions in non-financial assets; and transactions in financial assets and liabilities. This Statement is a voluntary disclosure and not a reporting requirement under the International Public Sector Accounting Standards, Financial Reporting under the Cash Basis of Accounting (2017), which is the standard adopted in preparing these financial statements.

## Accounting Policies

These are the specific principles, bases, conventions, rules, and practices adopted by the South West of Somalia in preparing and presenting the financial statements.

## Explanatory Notes to the Financial Statements

The explanatory notes to the financial statements assist in understanding the information reported in the principal statements to provide full disclosure and are considered an integral part of the financial statements.

## Additional Disclosures

In order to meet the requirements under Section 6.1.4 of Regulation 6 2018, and also to provide further information to the financial statements reported under IPSAS, Cash Basis of Accounting, Part 2 of the standard encourages additional disclosures to be made so as to provide more information necessary for accountability and decision-making purposes.

## Statement of Domestic Borrowing

This statement provides information on the outstanding national debt of South West State of Somalia at the end of the year and makes a distinction of the nature of the debt (capital and operational)

## Summary of Financial Results

## Financial Statement Highlights and Analysis

Table 1: Summary of Financial Performance

<b>Financial Performance</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Revenue	20,847,144	22,971,921
Expenditure	(20,726,900)	(22,323,507)
Surplus	120,245	648,414
<b>Revenue Increased by (%)</b>	1%	3%
Original Budget	49,121,516	35,154,920
Revised Budget ( Mid-year Revision )	32,543,586	35,154,920
Actual Expenditure	(20,726,900)	22,971,921
Under Spending ( Budget Saving)	11,816,686	12,182,998
<b>% Change</b>	57%	65%

## Revenue Analysis

Southwest State's total revenue has decreased slightly from \$22.9 million in 2022 to US\$20.8 million in the 2023 financial year and decrease of US\$2.1 million (9%). The main sources of the SWSS's revenue are grants from international partners and transfers from the Federal Government of Somalia. Revenue from own source was 24% (\$4.9 million of \$20.8 million) of total revenue compared to the previous year which was \$3.4 million (15%) of total revenue (\$22.9) million).

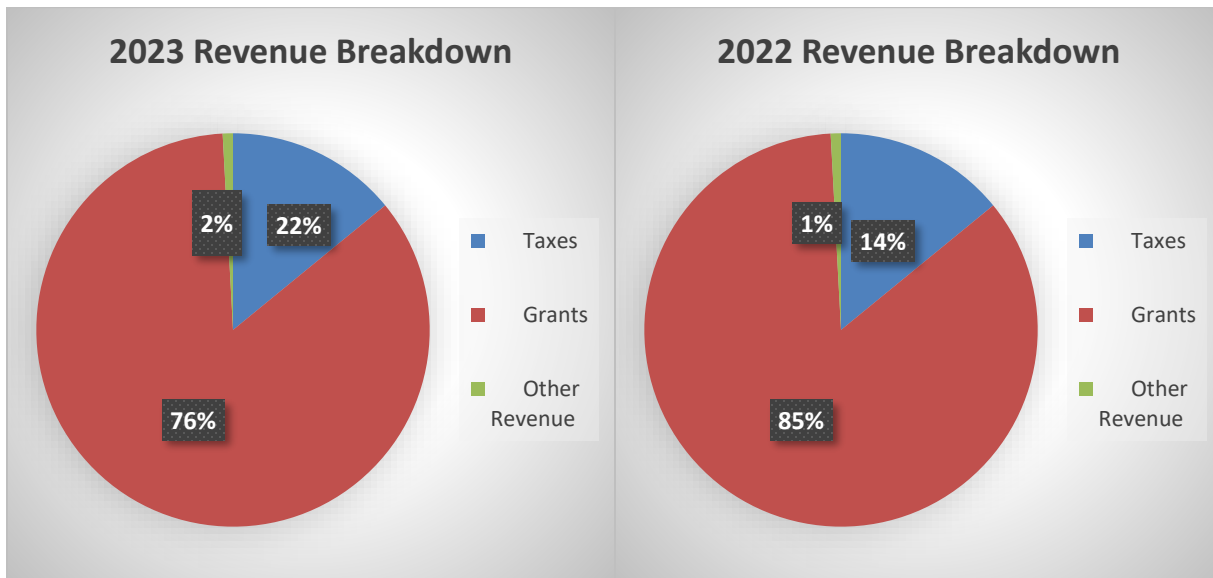


Table 2: Summary of receipts

<b>Revenue Type</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Receipts</b>	<b><u>USD</u></b>	<b><u>USD</u></b>
Taxes	<u>4,532,828</u>	<u>3,235,688</u>
Grants	<u>15,887,951</u>	<u>19,542,910</u>
Other Revenue	<u>426,366</u>	<u>193,323</u>
<b>Total</b>	<b><u>20,847,145</u></b>	<b><u>22,971,921</u></b>

The following chart further highlights, the breakdown of revenue collections for the year which shows that external grants were 76% of the total receipts compared to the previous year which was 85% of the total receipt.

Chart 1: Comparison of SWS's sources of revenue



### Tax Revenue

As detailed in Table 2, the current year's tax stands at \$4.5 million up from \$3.2 million last year, in the same period. This upward movement of US\$1.3 million in this category of the revenue has mainly come from taxes on payroll (59%) where the government widened the tax base on payroll taxes during this financial year. As depicted in Chart 1 revenue from taxes collected was 22% of the total revenue for the year.

## Other Revenue

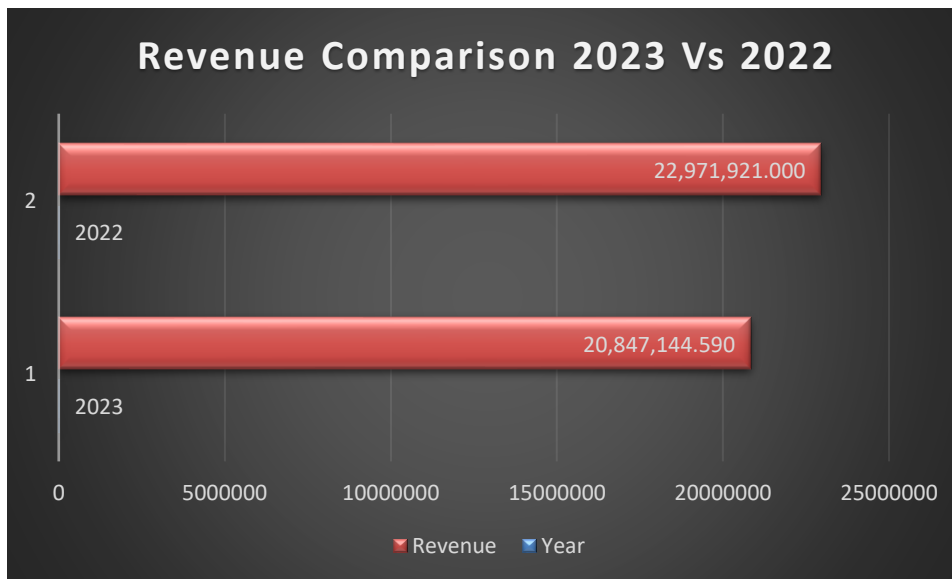
The financial year 2023 saw other revenue increase from \$193k last year to \$426k. This increase of \$233k has been mainly attributed to the property income. As depicted in Chart 1 above, other revenue was 2% of the total revenue for the year.

## Grants

The financial year 2023 saw grant receipts from international partners and transfers from the Federal Government of Somalia were significant sources of funds accounting for \$15.8 million of total revenue compared to the previous year which was \$19.5 and decrease of \$3.6 million. Grants received in 2023 accounted for 76% of total revenue compared to 85% in previous year, a decrease of 9%. This is mainly due to decrease of the budget support from the federal government of Somalia and the Barwaqo project was not fully utilized the 2023 allocated budget.

Further illustration and comparisons between current year and previous year is highlighted in Chart 2.

Chart 2: Yearly revenue comparison

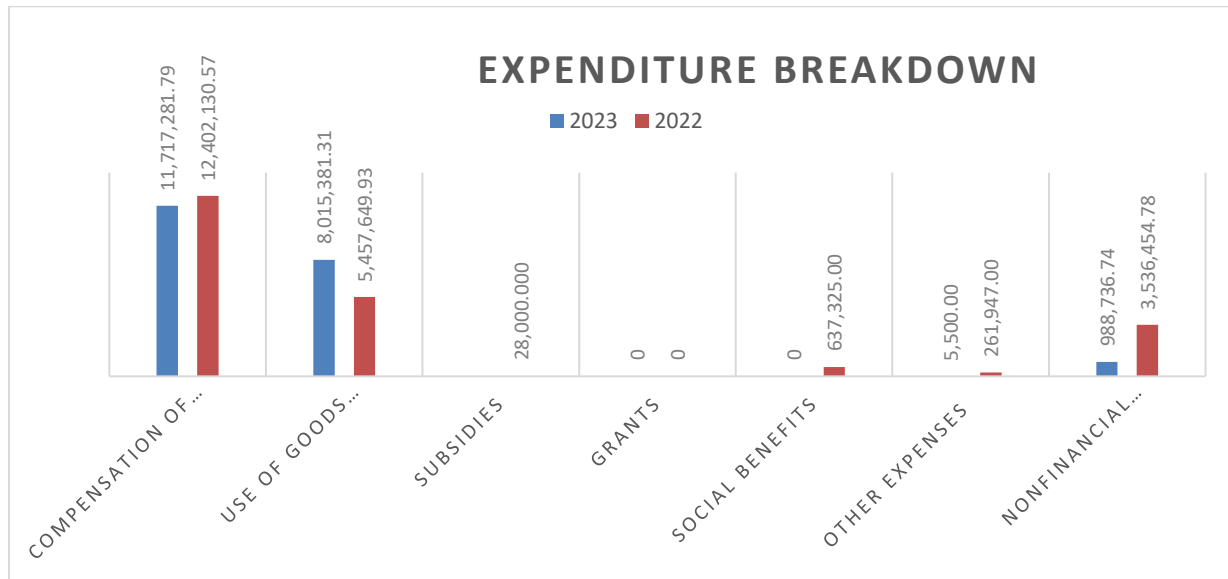


## Expenditure Analysis

The SWSS's payments fall into four distinct categories; recurrent, non-financial assets (capital expenditure), social benefits and grants. The recurrent expenses or costs are primarily manpower related expenses and cost on goods and services for operations.

Chart 3 summarizes the major areas of expenditure incurred by the SWSS.

Chart 3: Expenditure categories



The total payments made during the year amounted to \$ 20.7million in comparison to \$22.3 million in 2022. Overall, the SWS has decreased its expenditure by \$1.6 million (7%), with the highest decrease are from other expenses of \$5.5K and nonfinancial assets \$988.7K due to decrease of capital expenditure.

Table 3 below shows expenditure categories for the 2023 financial year in comparison to the 2022 financial year.

Table 3: Summary of expenditure for 2 years

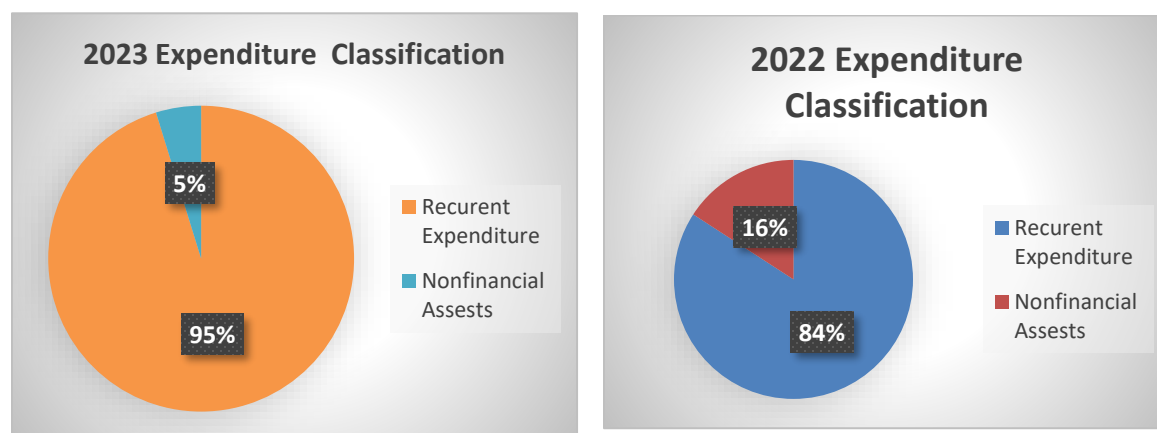
	2023	2022		
	USD	USD	Variance	%
			USD	Change
Compensation of Employees	11,717,282	12,402,131	684,849	6%
Use of Goods and Service	8,015,381	5,457,650	2,557,731	47%
Subsidies	-	28,000	28,000	100%
Social Benefits	-	637,325	637,325	0%
Other Expense	5,500	261,947	256,447	98%
Nonfinancial Assets	988,737	3,536,455	2,547,718	72%
<b>Total Expenditure</b>	<b>20,726,900</b>	<b>22,323,508</b>	<b>6,712,070</b>	<b>%</b>



Table 4: Main expenditure headings

	2023	2022	Variance	Change
	USD	USD	USD	%
Recurrent Expenditure	19,738,163	18,787,053	951,110	5%
Non Financial Assets	988,737	3,536,455	2,547,718	98%
<b>Total Expenditure</b>	<b>20,726,900</b>	<b>22,323,508</b>	<b>3,498,828</b>	<b>%</b>

Chart 4: Expenditure classification in graphs



### Non-Financial Assets

Non-financial assets (Capital expenditure) for the year was \$988.7K compared to \$3.5 million for the previous year, a decrease of \$2.5 million (72%) due to decrease of capital expenditure. The major areas of expenditure were other fixed assets followed by inventories. In accordance with reporting on a cash-basis and complying with IPSAS, cash basis of accounting, capital expenditure is expensed in the year of acquisition.

### Budget and Expenditure Analysis

The annual budget of the SWS is the principal document by which the Government sets out its financial plan for the year. The original budget or financial plan approved by the State Parliament for the budgeted expenditure for the year was \$49.1 million and was revised to \$32.5 million.

The table below depicts the allocations and actual payments of each category of the expenditure

Table 5: Expenditure comparison - Budget v Actual

	<b>2023</b>	<b>2022</b>		
	<b>USD</b>	<b>USD</b>	<b>Variance</b>	<b>%</b>
			<b>USD</b>	<b>Change</b>
Compensation of Employees	11,717,282	12,402,131	684,849	6%
Use of Goods and Service	8,015,381	5,457,650	2,557,731	47%
Subsides	-	28,000	28,000	100%
Social Benefits	-	637,325	637,325	100%
Other Expense	5,500	261,947	256,447	98%
Nonfinancial Assets	988,737	3,536,455	2,547,718	72%
<b>Total Expenditure</b>	<b>20,726,900</b>	<b>22,323,508</b>	<b>6,712,070</b>	<b>%</b>

**Consolidated Statements of Cash Receipt and Payment**  
**South West State of Somalia**  
**Consolidated Financial Statement of Receipts and Payments**  
**Treasury Single Account**  
**For the Year Ended 31 December 2023**

		<u>2023</u>	<u>2022</u>
		<b>Controlled by TSA</b>	<b>Controlled by TSA</b>
		<b>USD</b>	<b>USD</b>
	Note		
<b>Receipts / Inflows</b>			
<b>Taxes</b>	2		
Taxes on income, profits, and capital gains		104,002	63,849
Taxes on payroll and workforce		2,847,798	1,693,384
Taxes on property		59,457	-
Taxes on goods and services		949,945	1,217,820
Taxes on international trade and transactions		532,228	260,636
Other taxes		39,397	-
<b>Taxes</b>		<b>4,532,828</b>	<b>3,235,688</b>
<b>Grants</b>	3		
From foreign governments			
From international organizations		5,090,425	5,805,326
From other general government units		10,797,526	13,737,584
<b>Grants</b>		<b>15,887,951</b>	<b>19,542,910</b>
<b>Other Revenue</b>	4		
Property income		-	168,006
Sale of goods and services		415,366	16,293
Fines, penalties and forfeits		6,000	2,347
Transfers not elsewhere classified		5,000	6,677
<b>Other Revenue</b>		<b>426,366</b>	<b>193,323</b>
<b>Receipts / Inflows</b>		<b>20,847,144</b>	<b>22,971,921</b>
<b>Payments / Outflows</b>			
<b>Compensation of Employees</b>	5		
Wages and Salaries		11,717,282	12,402,131
<b>Compensation of Employees</b>		<b>11,717,282</b>	<b>12,402,131</b>
<b>Use of Goods and Services</b>	6		
Travel & Conferences		1,826,016	907,298
Operating Expenses		3,219,243	2,182,013
Rent		572,586	97,500
Contingency		-	500
Other Operating Expenses		2,397,536	2,270,339
<b>Use of Goods and Services</b>		<b>8,015,381</b>	<b>5,457,650</b>
<b>Subsidies</b>	7		
Subsidies to other sectors		-	28,000
<b>Subsidies</b>		<b>-</b>	<b>28,000</b>
<b>Social Benefits</b>	8		
Employment-related social benefits		-	637,325
<b>Social Benefits</b>		<b>-</b>	<b>637,325</b>
<b>Other Expenses</b>	9		
Premiums, fees, claims related to non-life insurance		5,500	261,947
<b>Other Expenses</b>		<b>5,500</b>	<b>261,947</b>
<b>Nonfinancial assets</b>	10		
Fixed Assets		986,817	3,244,465
Inventories		1,920	291,990
<b>Nonfinancial assets</b>		<b>988,737</b>	<b>3,536,455</b>
<b>Payments / Outflows</b>		<b>20,726,900</b>	<b>22,323,507</b>
Increase Decrease in Cash		120,244	648,414
Cash at Beginning of Year		1,225,943	577,529
Cash at End of Year		1,346,187	1,225,943

**Consolidated Statements of Budget and Actual**  
**South West State of Somalia**  
**Consolidated Fund Statement of Comparison of Budget and Actual Amounts**  
**For the Year Ended 31 December 2023**  
**(Classification of Payments and Receipts by Economic Class)**

	Note	2023				2022
		Original Estimate Appropriation	Final Estimate Appropriation	Controlled by TSA	Difference Between Final Budget and Actual	Controlled by TSA
		USD	USD	USD	USD	USD
<b>Receipts / Inflows</b>						
<b>Taxes</b>	11					
Taxes on income, profits, and capital gains		78,628	135,988	104,002	(31,986)	63,849
Taxes on payroll and workforce		2,148,945	3,084,971	2,847,798	(237,173)	1,693,384
Taxes on property		757,500	140,000	59,457	(80,543)	-
Taxes on goods and services		2,129,534	1,117,162	949,945	(167,217)	1,217,820
Taxes on international trade and transactions		411,837	575,117	532,228	(42,889)	260,636
Other taxes		700,000	34,458	39,397	4,939	-
<b>Taxes</b>		<b>6,226,444</b>	<b>5,087,697</b>	<b>4,532,828</b>	<b>(554,869)</b>	<b>3,235,688</b>
<b>Grants</b>	12					
From foreign governments						
From international organizations		7,900,914	8,890,378	5,090,425	(3,799,153)	5,805,326
From other general government units		33,767,596	17,936,153	10,797,526	(7,521,337)	13,737,584
<b>Grants</b>		<b>41,668,510</b>	<b>26,826,530</b>	<b>15,887,951</b>	<b>(10,937,779)</b>	<b>19,542,910</b>
<b>Other Revenue</b>	13					
Property income		-	-	-	-	168,006
Sale of goods and services		1,221,563	619,159	415,366	(203,793)	16,293
Fines, penalties and forfeits		-	6,000	6,000	-	2,347
Transfers not elsewhere classified		5,000	5,000	5,000	-	6,677
<b>Other Revenue</b>		<b>1,226,563</b>	<b>630,159</b>	<b>426,366</b>	<b>(203,793)</b>	<b>193,323</b>
<b>Receipts / Inflows</b>		<b>49,121,516</b>	<b>32,543,586</b>	<b>20,847,145</b>	<b>(12,079,152)</b>	<b>22,971,921</b>
<b>Payments / Outflows</b>						
<b>Compensation of Employees</b>	14					
Wages and Salaries		20,820,719	14,009,237	11,717,282	(2,291,955)	12,402,131
<b>Compensation of Employees</b>		<b>20,820,719</b>	<b>14,009,237</b>	<b>11,717,282</b>	<b>(2,291,955)</b>	<b>12,402,131</b>
<b>Use of Goods and Services</b>	15					
Travel & Conferences		1,629,303	2,761,014	1,826,016	(934,998)	907,298
Operating Expenses		5,232,197	5,162,085	3,219,243	(1,942,841)	2,182,013
Rent		848,028	1,055,184	572,586	(482,597)	97,500
Other Operating Expenses		3,174,255	3,026,286	2,397,536	(628,750)	2,270,339
RCRF Non-Salary Recurrent Cost		9,090,089	2,668,324	-	(2,668,324)	-
Contingency		401,000	393,000	-	(393,000)	500
<b>Use of Goods and Services</b>		<b>20,374,872</b>	<b>15,065,892</b>	<b>8,015,381</b>	<b>(7,050,511)</b>	<b>5,457,650</b>
<b>Subsidies</b>	16					
Subsidies to other sectors		-	-	-	-	28,000
Subsidies		-	-	-	-	28,000
<b>Social Benefits</b>	17					
Social Assistance Benefits		12,000	12,000	-	(12,000)	637,325
<b>Social Benefits</b>		<b>12,000</b>	<b>12,000</b>	<b>-</b>	<b>(12,000)</b>	<b>637,325</b>
<b>Other Expenses</b>	18					
Premiums, fees, claims related to non-life insurance		5,500	5,500	5,500	-	261,947
<b>Other Expenses</b>		<b>5,500</b>	<b>5,500</b>	<b>5,500</b>	<b>-</b>	<b>261,947</b>
<b>Nonfinancial assets</b>	19					
Fixed Assets		7,887,075	3,429,536	986,817	(2,442,719)	3,244,465
Inventories		21,350	22,220	1,920	(20,300)	291,990
<b>Nonfinancial assets</b>		<b>7,908,425</b>	<b>3,451,756</b>	<b>988,737</b>	<b>(2,463,019)</b>	<b>3,536,455</b>
<b>Payments / Outflows</b>		<b>49,121,516</b>	<b>32,544,386</b>	<b>20,726,900</b>	<b>(11,817,486)</b>	<b>22,323,507</b>
Increase Decrease in Cash		-	-	120,244	120,244	648,414



**Statement of Operations**  
**South West State of Somalia**  
**Statement of Operations**  
**For the Year Ended 31 December 2023**

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
<b>Transactions Affecting Net Worth</b>		
<b>Revenue</b>	<b>20,847,145</b>	<b>22,971,921</b>
<b>Taxes</b>	<b>4,532,828</b>	<b>3,235,688</b>
<b>Taxes on income, profits, and capital gains</b>	<b>104,002</b>	<b>63,849</b>
<b>Taxes on payroll and workforce</b>	<b>2,847,798</b>	<b>1,693,384</b>
<b>Taxes on property</b>	<b>59,457</b>	<b>-</b>
<b>Taxes on goods and services</b>	<b>949,945</b>	<b>1,217,820</b>
<b>Taxes on international trade and transactions</b>	<b>532,228</b>	<b>260,636</b>
<b>Other taxes</b>	<b>39,397</b>	<b>-</b>
<b>Grants</b>	<b>15,887,951</b>	<b>19,542,910</b>
From international organizations	5,090,425	5,805,326
From other general government units	10,797,526	13,737,584
<b>Other Revenue</b>	<b>426,366</b>	<b>193,323</b>
Property income	-	168,006
Sale of goods and services	415,366	16,293
Fines, penalties and forfeits	6,000	2,347
Transfers not elsewhere classified	5,000	6,677
<b>Expense</b>	<b>19,738,163</b>	<b>18,787,053</b>
<b>Compensation of Employees</b>	<b>11,717,282</b>	<b>12,402,131</b>
Wages and Salaries	11,717,282	12,402,131
<b>Use of Goods and Services</b>	<b>8,015,381</b>	<b>5,457,650</b>
Travel & Conferences	1,826,016	907,298
Operating Expenses	3,219,243	2,182,013
Rent	572,586	97,500
<b>Other Operating Expenses</b>	<b>2,397,536</b>	<b>2,270,339</b>
Contingency	-	500
Subsidies	-	28,000
Subsidies to other sectors	-	28,000
Social Benefits	-	637,325
Employment-related social benefits	-	637,325
Other Expenses	5,500	261,947
Premiums, fees, claims related to non-life insurance	5,500	261,947
<b>Gross Operating Balance</b>	<b>1,108,981</b>	<b>-</b>
<b>Transactions In Non Financial Assets</b>		
Change In Net Worth. Transactions (Assets)	988,737	-
Nonfinancial assets	988,737	-
Fixed Assets	986,817	-
Inventories	1,920	-
<b>Transactions in Financial Assets &amp; Liabilities</b>		

## Notes to the Financial statements

### 1. Summary of Significant Accounting Policies

#### *Basis of Preparation*

The South West State of Somalia's (SWSS) Consolidated Financial Statements have been prepared in accordance with the *Public Financial Management Act of 2018* and the International Public Sector Accounting Standard (IPSAS) which had been applied in all material aspects - *Financial Reporting Under the Cash Basis of Accounting (2017)*. The notes to the financial statements form an integral part to understanding the statements and must be read in conjunction with the statements. The accounting policies have been applied consistently throughout the period.

#### **Reporting Entity**

The Financial Statements are for the Southwest State of Somalia. The designed capital of South West State is Baraawe, located on the coast in Lower Shabelle Region, half way between Mogadishu and Kismayo. However, the South West State Administration is located as an interim in Baidoa currently.

The principal address is the Ministry of Finance Building,  
Ali Salaamey Street,  
Wadajir Village,  
Villa Southwest State of Somalia - Baidoa.

The principal activities of the Government and its controlled entities include the provision of health, education, defense, security, and general public services. The Financial statements are for the Southwest State of Somalia (SWSS) and covers the period 1 January to the 31 December 2023. The financial statements encompass the reporting entities as specified in the SWSS Appropriation Act No.1 of 2023 and are comprised of:

- 1 State Ministry of President
- 2 Ministry of Justice & Judiciary
- 3 Ministry of Finance
- 4 Ministry of Interior & Local Governments
- 5 Ministry of Agriculture & Irrigation
- 6 Ministry of Internal Security
- 7 Ministry of Petroleum and Mineral Resource
- 8 Ministry of Seaports & Sea Transportation
- 9 Ministry of Planning and International Cooperation
- 10 Ministry of Health
- 11 Ministry of Education
- 12 Ministry of Information
- 13 Ministry of Posts & Communications
- 14 Ministry of Youth & Sports
- 15 Ministry of Water & Energy
- 16 Ministry of Industry & Commerce
- 17 Ministry of Reconciliation & Constitutional Affairs
- 18 Ministry of Aid & Disaster Management
- 19 Ministry of Environment & Wildlife
- 20 Ministry of Islamic Affairs & Endowments
- 21 Ministry of Labour & Employment
- 22 Ministry of Women & Human Rights
- 23 Ministry of Transportation & Airports
- 24 Ministry of Livestock & Veterinary
- 25 Ministry of Fisheries & Sea Minerals
- 26 Ministry of Public Works & Reconstruction
- 27 Civil Service Commission
- 28 Parliament
- 29 Office for Auditor General
- 30 Accountant General Office
- 31 High Court

All ministries were created by Presidential Decree SWSS-0001/03/01/15 entitled A Decree Establishing Ministries of South West State of Somalia and Defining Roles and Functions of Ministries dated 03 January 2015 and a separate Act creating the Ministry of Finance and the Revenue Collection Authority entitled an Act Establishing the Ministry of Finance and Revenue Collection Authority and Other Related Matters 2018. An Act establishing the Civil Service Commission (CSC) and its purpose entitled An Act establishing the Civil Service Commission of the South West State of Somalia dated 22 January 2018 established the office of the Civil Service Commission. A companion Act also established the Civil Service and the Civil Service Salary structure. The consolidated financial statements include all entities controlled during the year. None of the entities owns another entity or a separate business unit. An establishment of the Audit General Office Act dated 1st January 2023.

### ***Treasury Single Account & Project Accounts***

In addition to Treasury Single Account and Project Account bank accounts, five bank accounts were opened during the year under a written authorization of the Minister for Finance. These bank accounts were opened as sub-accounts of the TSA as a requirement of the donors. As at the end of 2023 financial year, balances of these bank accounts were as follows:



	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Treasury Single Account - Main	5,217	9,418
Local Development Fund(MoI)	1,307	3,341
SUIPP-Baidoa Mucicipality	-	-
Ministry of Livestock & Veterinary	1,036	25
Ministry of Health	148,122	94,441
Ministry of Planning Investment	87	87
Ministry of Education	80	80
Ministry of Women & Human Rights	1,736	21,925
Ministry of Interior, Local Government & Reconcili	1,733	80,056
Ministry of Aid & Disaster Management	10,000	100
Treasury Single Account - Main	3,634	5,262
BIYOOLE PROJECT	-	44,117
Ministry of Labour & Employment	17,033	-
Ministry of EDUCATION	37	5,911
Global Partnership for Education	-	2,456
Ministry of Planning Investment & Economic Develop	14,708	13,520
Ministry of Water & Energy	51,837	215,421
Ministry of Public Workers Reconstruction & Housin	507	10,850
TREASURY SINGLE ACCOUNT	7	16,507
Project Account - RCRF III	82,384	70,146
Somali Urpan Recilience Project	-	518,937
Ministry of Agriculture & Irrigation	-	-
Ministry of Public Workers, Reconstruction & Housi	-	112
PERFORMANCE BASED CONDITIONS FOR RCRF SWSS	240,435	1
Ministry of Fisheries & Sea Minerals	-	-
WASAARADDA DEKEDAHA & GAADIHIDKA BADDA KGS	440	50
SWSS Education Support for WFP	27	65
SOUTH WEST TEACHERS TRAINING INSTITUTE SWTTI	1	19,300
SDM- Baidoa Local Government	6,900	6,000
Ministry of Health Salam Bank	13	87,813
WASAARADDA BATROOLKA IYO MACDANTA	-	-
BARWAAQO PROJECT	22,135	-
Ministry of Planning, GIZ Project	30,993	-
Ministry of Labour and Social Affairs (SESEY)	11,962	-
DAMAL CAAFIMAAD KGS	12,482	-
Wasaradda Maaliyadda KGS( IBS)	2,271	-
GROUNDWATER FOR RESILIENCE PROJECT (GW4R) SWSS	44,826	-
AREA-BASED PROGRAMME FOR THE SWS OF SOMALIAWITH THE CODE OF 0100606	-	-
SOMALIA EDUCATION FOR HUMAN CAPITAL DEVELOPMENT PROJECT (SWHCD) SWSS	134,426	-
Wasaradda Maaliyadda KGS( Preimer Bank)	3,531	-
Somali Project Recilience Project (SURP II-BAUDIA)	478,530	-
Ministry of Youth and Sports SWSS	17,750	-
MINISTRY OF ENVIRONMENT & CLIMATE CHANGE SWS	-	-
MINISTRY OF COMMERCE AND INDUSTRIES	-	-
	<b><u>1,346,187</u></b>	<b><u>1,225,942</u></b>

### ***Cash & Cash Equivalents***

Cash and Cash Equivalents means notes held and any deposits held at call with a bank or financial institution. Cash is recognized at its nominal amount.

### ***Reporting Currency***

The financial statements are presented in United States Dollar (USD), which is the reporting currency of the State, rounded to the nearest dollar (\$).

### ***Original and Final Approved Budget and Comparison of Actual and Budget Amount***

The approved budget is developed on the same accounting basis (Cash basis) and same classification basis as the financial statements. It encompasses the same entities as the consolidated financial statement (These are identified in Note 1.2)

The original budget was approved by Parliaments on the 27 Dec 2022.

### ***Authorization Date***

The financial statements were authorized for issue on 30 April 2024 by H.E; Ahmed Mohamed Hussein, Minister for Finance.

### **Note 2 Taxes**

A total of taxes for year amounted \$ 4,532,828 to which represents an increase of 41% from \$ 3,235,688. for 2022. It was collected under the category of taxes on income, taxes on payroll, taxes on goods and service and taxes on international trade and transactions. The increase on taxes for this financial year was attributed due to an increase in collection from taxes on payroll and workforce.

During the 2023 financial year, SWSS collected taxes on income, profits, and capital gains of \$104,002 (\$63,849 in the 2022) at a standard rate of 5%.

In 2023 financial year, taxes on payroll and workforce was amounted to \$2,847,798 (\$1,623,384 in 2022) paid by the employers based on the total remuneration (salary/wage bill) at a standard rate of 9%..

Taxes on goods and services, are combined taxes charged for the use of services offered by South West State of Somalia. The applicable rates on services vary and mostly depend on the business sector and service type and are authorized in accordance with the Revenue Act 2018.

A total of Taxes on International Trade and Transactions for year amounted to \$532,228 increase of 51% from 2022 (\$260,636).

<b>Description</b>	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Personal income tax on Public employee	104,002	63,849
<b>Taxes on Income, Profit and Capital Gain</b>	<b>104,002</b>	<b>63,849</b>
Private Payroll taxes on non-civil servants	2,847,798	1,693,384
<b>Taxes on Payroll and workforce</b>	<b>2,847,798</b>	<b>1,693,384</b>
Building	59,457	-
<b>Taxes on property</b>	<b>59,457</b>	<b>-</b>
Turnover tax	352,560	296,458
Property Tax	-	8,000
Business & Professional Licenses	-	31,850
Landing Fees	-	138,600
Fuel	15,539	-
Local passenger charge	98,203	206,093
Urban road users taxes (tremistrale)	150,426	37,200
Road user taxes	333,217	342,208
International NGOs registration	-	21,000
Local NGO's Registration	-	12,300
Work Permit Licenses	-	5,348
Livestock Fees	-	31,000
Passport fees	-	18,445
Roll Number Fees-Schools	-	69,317
<b>Taxes on goods and service</b>	<b>949,945</b>	<b>1,217,820</b>
Khat	523,030	247,046
Cigarate and tobacco product	9,198	13,590
<b>Taxes on international trade and transactions</b>	<b>532,228</b>	<b>260,636</b>
Stamp duties on invoices and contracts	39,397	-
<b>Other Taxes</b>	<b>39,397</b>	<b>-</b>
<b>Total</b>	<b>4,532,828</b>	<b>3,235,688</b>

The following represents variance Taxes received into the TSA from the relevant Ministries.

			<b>2023</b>	<b>2022</b>
			<b>Controlled by TSA</b>	<b>Controlled by TSA</b>
	<b>Ministry of Finance</b>	<b>Ministry of Interior and Local Government</b>		
	<b>Total</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Personal Income tax	104,002	104,002		63,849
Payroll Tax - Non-Government	-	-		1,693,384
Private Payroll taxes on non-civil servants	2,847,798	2,847,798		
Building	59,457	59,457		
Turnover Tax	352,560	352,560		296,458
Fuel Tax	15,539	15,539		-
Property Tax	-	-		8,000
Business & Professional Licenses	-	-		31,850
Landing Fees	-	-		138,600
Local Passenger Fees	98,203	98,203		206,093
Road User Tax	333,217	300,217	33,000	342,208
Urban Road User Tax	150,426	150,426		37,200
International NGOs registration	-	-		21,000
Local NGO's Registration	-	-		12,300
Work Permit Licenses	-	-		5,348
Livestock Fees	-	-		31,000
Passport Service	-	-		18,445
Roll Number Fees-Schools	-	-		69,317
Customs duties - KHAT	523,030	523,030		247,046
Customs duties - Cigarettes	9,198	9,198		13,590
Stamp duties on invoices and contracts	39,397	39,397		
	<b>4,532,828</b>	<b>4,460,430</b>	<b>33,000</b>	<b>3,235,688</b>



### Note 3 Grants

Grants from International Organizations and the Federal Government of Somalia amounted to \$15,887,951 and decrease of approximately 19% compared with 2022 (\$19,542,910).

	<u>2023</u>	<u>2022</u>
	<u>USD</u>	<u>USD</u>
Current grants in cash	5,090,425	5,805,326
Current grants in cash - From FGS	10,797,526	13,727,827
Grants from South West State	-	9,757
	<u>15,887,951</u>	<u>19,542,910</u>

#### Grants from International Organizations

During the 2023 financial year, grants were received from international organizations of \$5,090,425 (\$5,805,326 in 2022). The amount received from international organizations is detailed in the breakdown below.

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Danish Refugee Council	19,405	19,276
GIZ	180,889	87,813
Islamic Relief	-	6,000
COOPERAZIONE INTERNATIONAL	2,900	-
Care International	80,801	86,880
Population Service International	6,000	1,000
Mercy Corps	-	300
Save the Children International In Somal	73,360	35,533
World Vision International	44,089	114,698
ADRA	800	4,092
I O M	-	11,000
Diakonia	19,345	17,220
Norwegian Refugee Council (NRC)	-	19,220
GREDO	6,380	-
FAO	164,890	109,916
International Labour Organization	132,726	159,303
UNDP	46,800	18,840
UNICEF	3,097,486	4,715,040
UN HABITAT	179,617	99,068
WFP	222,833	-
United Natation Population Fund UNFP.	5,000	56,670
United Natation Population Fund UNFP.	-	18,000
UNCDF	749,943	179,288
UNSOM	57,160	46,170
<b>Total</b>	<b>5,090,425</b>	<b>5,805,326</b>

#### Grants from Federal Government of Somali

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Current grants in cash - From FGS	10,797,526	13,727,827
Grants from South west State	-	9,757
	<b>10,797,526</b>	<b>13,737,584</b>

#### Note 4 Other Revenue

Other Revenues for FY 2023 amounted to \$426,366 and increased approximately 121% from \$193,323 for 2022. It was collected under the category of sales of goods and services and fines, penalties, and Vehicle Hire/Rent. The increase is due to Landing fees.

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Rental income from Organizational Offices	-	1,586
Vehicle Hire/car rental Tax	-	47,020
Rent of land and buildings	-	119,400
<b>Property Income</b>	-	<b>168,006</b>
Building rental income	3,910	-
Vehicle rental income	38,302	-
Marriage Certificate Fee	-	50
Passport fees	24,410	-
Work permit taxes	16,609	-
Business and profession licenses	18,484	-
Landing fees	201,950	-
International NGO's registrations	8,000	-
Local NGO's registrations.	500	-
Livestock fees	22,000	-
Boats registration fees	390	1,150
Examination fees	63,188	-
Clearance Letter Fee	-	15,093
Clearances letter fees	17,102	-
Court filing fees	521	-
<b>Sales of goods and services</b>	<b>415,366</b>	<b>16,293</b>
Court filing fees	-	2,347
Fines	6,000	-
<b>Fines, Penalties and forfeits</b>	<b>6,000</b>	<b>2,347</b>
Individual Donations	-	500
Institutional Donations	5,000	6,177
<b>Transfers not elsewhere classified</b>	<b>5,000</b>	<b>6,677</b>
	<b>426,366</b>	<b>193,323</b>

## Note 5 Compensation of Employees

Wages and salaries are a combination of all salaries, allowances and in-kind payments to staff which includes both the civil servants and political positions. In addition to salaries for permanent employees, compensation of employees includes wageworkers whereby wages were paid, as for 2023 financial year are as follows:

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Permanent employees/Regular staff	-	1,345,659
Contract employees	-	912,995
Wage workers	-	518,050
Security Forces (Police, Intel Forces and Prison)	-	4,591,170
Remuneration to Ministers and Statutory	-	416,600
Remuneration to Politicians	-	111,200
Basic salaries for general Civil Service	1,406,265	-
Teachers salary	563,500	795,800
Transportation allowance	-	357,245
Other allowances	-	906,924
Security Operational Allowances	-	25,400
Per diem and DSA	-	813,898
Health workers salary	237,120	-
Temporary staff salary	1,261,060	-
Legislature salary	308,400	-
Political appointees salary	54,250	-
Contract Employees	1,292,141	-
Daily meals	2,130,390	1,607,190
Temporary staff allowances	3,200	-
Security sector allowances	2,254,247	-
Incentive allowances	2,206,709	-
	<b><u>11,717,282</u></b>	<b><u>12,402,131</u></b>

## Note 6 Use of Goods and Services

Use of goods and services spending for the year amounted to \$8,015,381 in comparison to \$5,457,650 for 2022.



	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Internal Travel	1,046,307	585,452
External Travel	96,958	104,433
Local conference	682,751	217,413
Electricity	29,364	29,457
Water	118,325	653,617
Telephone fees	7,570	12,137
Internet fees	101,993	78,898
Satellite fees	55,900	77,000
G-suite fees	12,826	4,234
Gasoline	-	96,534
Diesel and oil	296,580	-
Stationary	205,483	187,439
Publications fees	93,212	900
Meeting Supplies	-	3,000
Publications	-	84,822
Refreshment	475,355	169,796
Office Refreshment	-	14,500
School Supervision	-	342,412
Supervision	-	5,640
Cleaning supplies	20,377	13,460
Material Transportation	-	42,698
Medical supplies	987,395	-
Maintenance and repair of equipment and heavy machineries	10,500	300
Maintenance and repairs of furniture and fittings	2,000	-
Maintenance and repairs of vehicles, boats and vessels	164,382	41,501
Maintenance and repairs of building	500,215	-
Wales, canals and dwellings maintenance	137,767	-
Office rent	46,600	65,900
Vehicle rent	490,349	323,670
Staff Training and Development	-	1,217,399
Technical Assistance	-	9,400
Preparation of Manuals/Guidelines	-	159,683
Contingency	-	500
Venue rent	35,638	31,600
Consulting and professional fees	1,108,347	823,295
Fees for service provided (non-consultant service)	1,211,174	-
Bank charges	251	11,810
TV and Newspaper advertisement	77,764	48,753
	<b>8,015,381</b>	<b>5,457,650</b>

## Note 7 Subsidies

As the 2023 financial year, there was no subsidies support. In 2022 , under the Biyooley Project the SWS government gave a subsidies to the farmers for better distribution of seeds.

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Procurement of Seeds and Tools	-	28,000
	<u>-</u>	<u>28,000</u>

## Note 8 Social Benefits

In 2023 financial year, there was no social benefit support, however, in 2022, The government provided social benefit support in 2022 to improve the health of the SWS, particularly the IDPs and the host community in Baidoa. The most disadvantaged community benefited from this support, as members of the medical community provided health kits to Wadajir, Hanaano IDPs, and the Towfiq Area of Baidoa.

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Medical Treatment	-	637,325
	<u>-</u>	<u>637,325</u>

## Note 9 Other Expenses

As of the financial year of 2023, SWS government had contributed the development of health sector in the state, and contributed insurance support.

	<b>2023</b>	<b>2022</b>
	<b>USD</b>	<b>USD</b>
Health & Hygiene Kits	-	111,205
Health & Hygiene Material	-	150,742
Other insurances	5,500.00	-
	<u>5,500.00</u>	<u>261,947</u>

## Note 10 Non-Financial Assets

Non-Financial Asset of 988,737 acquired consisting of cars, ICT equipment, machinery & equipment, and office furniture.

Comprehensive breakdown of non-financial asset acquisitions is detailed as follows:

	<u>2023</u>	<u>2022</u>
	<u>USD</u>	<u>USD</u>
Road Construction	-	106,432
Construction	-	1,910,353
Rehabilitation	-	790,784
Site Selection	-	73,263
Cars	-	86,700
Furniture	-	1,400
Land Improvement	-	91,990
Tree,crop,&plant resources yielding repeat product	-	49,960
Surveys	-	51,300
Rehabilitation	-	200,000
Buildings other than dwellings	676,485	-
Wells and water holes	128,548	-
Information, computer, and telecommunication (CIT) equipment	7,348	1,500
Machinery and equipment not elsewhere classified	174,436	172,773
Material and supplies	1,920	-
	<u>988,737</u>	<u>3,536,455</u>

**Note 11 Taxes compared with budget.**

A total of \$4,512,579 tax collections was estimated to be raised in the 2023 financial year; however, an actual collection of \$4,532,828 was achieved. The amount collected represents almost 100% of the total tax revenue estimate for the year.

<b>Description</b>	<b>2023</b>		<b>2022</b>
	<b>Estimate</b>	<b>Actual</b>	<b>Actual</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
Personal income tax on Public employee	135,988	104,002	63,849
<b>Taxes on Income, Profit and Capital Gain</b>	<b>135,988</b>	<b>104,002</b>	<b>63,849</b>
Private Payroll taxes on non-civil servants	3,084,971	2,847,798	1,693,384
<b>Taxes on Payroll and workforce</b>	<b>3,084,971</b>	<b>2,847,798</b>	<b>1,693,384</b>
Building	140,000	59,457	-
<b>Taxes on property</b>	<b>140,000</b>	<b>59,457</b>	<b>-</b>
Turnover tax	344,352	352,560	296,458
Property Tax	-	-	8,000
Business & Professional Licenses	-	-	31,850
Landing Fees	-	-	138,600
Fuel	20,000	15,539	-
Local passenger charge	123,851	98,203	206,093
Urban road users taxes (tremistrale)	188,000	150,426	37,200
Road user taxes	440,960	333,217	342,208
International NGOs registration	-	-	21,000
Local NGO's Registration	-	-	12,300
Work Permit Licenses	-	-	5,348
Livestock Fees	-	-	31,000
Passport fees	-	-	18,445
Roll Number Fees-Schools	-	-	69,317
<b>Taxes on goods and service</b>	<b>1,117,162</b>	<b>949,945</b>	<b>1,217,820</b>
Khat	564,332	523,030	247,046
Cigarate and tobacco product	10,785	9,198	13,590
<b>Taxes on international trade and transactions</b>	<b>575,117</b>	<b>532,228</b>	<b>260,636</b>
Stamp duties on invoices and contracts	34,458	39,397	-
<b>Other Taxes</b>	<b>34,458</b>	<b>39,397</b>	<b>-</b>
<b>Total</b>	<b>4,512,579</b>	<b>4,532,828</b>	<b>3,235,688</b>

**Note 12 Grants compared with budget.**

Total grants of \$15,887,951 was received against an estimate of \$26,825,730 Grants from International organizations and other general government units were not received as per estimated in the budget with the SUIP project carrying over to 2023 financial year and with elections having a greater impact on the donors themselves. The following table presents a detailed breakdown of the grant.

	<b>2023</b>		<b>2022</b>
	<b>Estimate</b>	<b>Actual</b>	<b>Actual</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
Current grants in cash	8,889,578	5,090,425	5,805,326
Current grants in cash - From FGS	17,936,153	10,797,526	13,727,827
Grants from South West State			9,757
	<b>26,825,730</b>	<b>15,887,951</b>	<b>19,542,910</b>

**Note 13 Other Revenue compared with budget.**

Other revenue collections consist of revenue streams other than grants and sale of goods and services, which includes fees, fines and penalties. A total of \$426,366 of other revenue collections was collected during the reporting period against an estimate of \$630,159 a shortfall of \$230,793 (32%).



	<b>2023</b>		<b>2022</b>
	<b>Estimate</b>	<b>Actual</b>	<b>Actual</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
Rental income from Organizational Offices	-	-	1,586
Vehicle Hire/car rental Tax	-	-	47,020
Rent of land and buildings	-	-	119,400
<b>Property Income</b>	-	-	<b>168,006</b>
Building rental income	4,135	3,910	-
Vehicle rental income	39,534	38,302	-
Marriage Certificate Fee	-	-	50
Passport fees	24,470	24,410	-
Work permit taxes	14,627	16,609	-
Business and profession licenses	16,776	18,484	-
Landing fees	251,600	201,950	-
International NGO's registrations	3,000	8,000	-
Local NGO's registrations.	-	500	-
Livestock fees	22,500	22,000	-
Number plate registration fees	36,126	-	-
Land certificate fees	125,198		
Boats registration fees	-	390	1,150
Examination fees	63,188	63,188	-
Clearance Letter Fee	-	-	15,093
Clearances letter fees	17,262	17,102	-
Court filing fees	744	521	-
<b>Sales of goods and services</b>	<b>619,159</b>	<b>415,366</b>	<b>16,293</b>
Court filing fees	-	-	2,347
Fines	6,000	6,000	-
<b>Fines, Penalties and forfeits</b>	<b>6,000</b>	<b>6,000</b>	<b>2,347</b>
Individual Donations	-	-	500
Institutional Donations	5,000	5,000	6,177
<b>Transfers not elsewhere classified</b>	<b>5,000</b>	<b>5,000</b>	<b>6,677</b>
	<b><u>630,159</u></b>	<b><u>426,366</u></b>	<b><u>193,323</u></b>

**Note 14 Employee Compensation compared with budget.**

A total of \$11,717,282 was spent on employee compensation against a final budget of \$14,009,237 the under spend of \$2,291,955 was due to inability of the State to fund compensation expenses from domestic revenue.

	<b>2023</b>			<b>2022</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Permanent employees/Regular staff	-	-	-	1,345,659
Contract employees	-	-	-	912,995
Wage workers	-	-	-	518,050
Security Forces (Police, Intel Forces and Prison)	-	-	-	4,591,170
Remuneration to Ministers and Statutory	-	-	-	416,600
Remuneration to Politicians	-	-	-	111,200
Basic salaries for general Civil Service	1,470,288	1,406,265	(64,023)	-
Teachers salary	582,600	563,500	(19,100)	795,800
Transportation allowance	-	-	-	357,245
Other allowances	-	-	-	906,924
Security Operational Allowances	-	-	-	25,400
Per diem and DSA	-	-	-	813,898
Health workers salary	416,640	237,120	(179,520)	-
Temporary staff salary	1,321,370	1,261,060	(60,310)	-
Legislature salary	694,000	308,400	(385,600)	-
Political appointees salary	141,550	54,250	(87,300)	-
Contract Employees	1,944,343	1,292,141	(652,202)	-
Daily meals	2,330,579	2,130,390	(200,189)	1,607,190
Temporary staff allowances	26,800	3,200	(23,600)	-
Security sector allowances	2,259,647	2,254,247	(5,400)	-
Incentive allowances	2,821,420	2,206,709	(614,711)	-
	<b>14,009,237</b>	<b>11,717,282</b>	<b>(2,291,955)</b>	<b>12,402,131</b>

**Note 15 Use of Good and Services compared with budget.**

The ability to incur expenditure is limited to funds available from revenue collection and grants from donors. In the case of goods and services, SWSS spent a total of \$8,015,381, which represents 53 percent of the final budget. The variance distributed across the entities is mainly attributed to constraints in the actual available income.

	2023			2022
	Final Budget	Actual	Variance	Actual
	USD	USD	USD	USD
Internal Travel	1,595,986	1,046,307	(549,679)	585,452
External Travel	254,763	96,958	(157,805)	104,433
Local conference	910,265	682,751	(227,514)	217,413
Electricity	67,523	29,364	(38,159)	29,457
Water	532,852	118,325	(414,527)	653,617
Telephone fees	34,350	7,570	(26,780)	12,137
Internet fees	158,863	101,993	(56,870)	78,898
Satellite fees	62,900	55,900	(7,000)	77,000
G-suite fees	17,778	12,826	(4,952)	4,234
Gasoline	-	-	-	96,534
Diesel and oil	333,160	296,580	(36,580)	-
Stationary	578,959	205,483	(373,476)	187,439
Publications fees	176,674	93,212	(83,462)	900
Meeting Supplies	-	-	-	3,000
Publications	-	-	-	84,822
Refreshment	828,039	475,355	-	169,796
Office Refreshment	-	-	-	14,500
School Supervision	-	-	-	342,412
Supervision	-	-	-	5,640
Cleaning supplies	27,011	20,377	(6,634)	13,460
Material Transportation	-	-	-	42,698
Medical supplies	992,104	987,395	(4,709)	-
Maintenance and repair of equipment and heavy machineries	14,706	10,500	(4,206)	300
Maintenance and repairs of furniture and fittings	5,600	2,000	(3,600)	-
Maintenance and repairs of vehicles, boats and vessels	185,019	164,382	(20,637)	41,501
Maintenance and repairs of building	755,726	500,215	(255,511)	-
Wales, canals and dwellings maintenance	390,819	137,767	(253,053)	-
Office rent	77,591	46,600	(30,991)	65,900
Vehicle rent	853,187	490,349	(362,838)	323,670
Education Tuition Fee	12,500.000	-	-	-
Study tour	13,770.000	-	-	-
Staff Training and Development	-	-	-	1,217,399
Technical Assistance	-	-	-	9,400
Preparation of Manuals/Guidelines	-	-	-	159,683
Contingency	-	-	-	500
Venue rent	124,406	35,638	(88,768)	31,600
Consulting and professional fees	1,300,288	1,108,347	(191,941)	823,295
Fees for service provided (non-consultant service)	1,477,673	1,211,174	(266,498)	-
Audit fees	62,546	-	-	-
Bank charges	35,542	251	(35,292)	11,810
TV and Newspaper advertisement	123,967	77,764	(46,204)	48,753
Holding account	2,668,324		(2,668,324)	
Contingency	393,000			
	<b>15,065,892</b>	<b>8,015,381</b>	<b>(7,050,511)</b>	<b>5,457,650</b>

**Note 17 Subsidies**

A total of \$12,000 was budgeted for procurement of seeds, and no spent during the reporting period.

	<b>2023</b>			<b>2022</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Procurement of Seeds and Tools	-	-	-	28,000
Benefits to vulnerable household/facilities - in cash	12,000	-	-	-
	<b>12,000</b>	-	<b>(12,000)</b>	<b>28,000</b>

**Note 18 Social Benefits**

There was no budget for social benefits in 2023 budget.

	<b>2023</b>			<b>2022</b>
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Actual</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Medical Treatment	-	-	-	637,325
	-	-	-	<b>637,325</b>

**Note 19 Other Expense**

A total of \$ 5,500 was budgeted for other insurances, however, \$5,500 (100%) was spent.

	<b>2023</b>			<b>2022</b>
	<b>Final Budget</b>	<b>Actua</b>	<b>Variance</b>	<b>Actual</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
Health & Hygiene Kits	-	-	-	111,205
Health & Hygiene Material	-	-	-	150,742
Other insurances	5,500	5,500.00	-	-
	<b>5,500</b>	<b>5,500.00</b>	-	<b>261,947</b>

## Note 20 Non-Financial Assets

Non-financial assets amounting to \$3,451,756 was budgeted for and acquired amount was \$988,737. This related to the purchase of office equipment and furniture, ICT equipment and non-residential buildings.

	2023			2022
	Final Budget	Actual	Variance	Actual
	USD	USD	USD	USD
Road Construction	-	-	-	106,432
Construction	-	-	-	1,910,353
Rehabilitation	-	-	-	790,784
Site Selection	-	-	-	73,263
Cars	607,546	-	-	86,700
Furniture	-	-	-	1,400
Land Improvement	-	-	-	91,990
Tree,crop,&plant resources yielding repeat product	-	-	-	49,960
Surveys	-	-	-	51,300
Rehabilitation	-	-	-	200,000
Buildings other than dwellings	1,253,085	676,485	(576,600)	-
Wells and water holes	901,399	128,548	(772,851)	-
Information, computer, and telecommunication (CIT) equipment	143,171	7,348	(135,823)	1,500
Machinery and equipment not elsewhere classified	331,058	174,436	(156,622)	172,773
Tree, crop , and plant resources yielding repeat products	170,000	-	(170,000)	-
Furniture and fixture	23,278	-	(23,278)	-
Material and supplies	22,220	1,920	(20,300)	-
	<b>3,451,756</b>	<b>988,737</b>	<b>(2,463,019)</b>	<b>3,536,455</b>



## **22 Statement of Operations**

The Statement of Operations report is prepared in accordance with the Government Finance Statistics Manual 2014 (GFSM 2014). Government Finance Statistics (GFS) is an accounting framework developed by the International Monetary Fund (IMF) to provide guidelines for the compilation of fiscal accounts. The GFS framework is designed to provide statistics that enable policymakers and analysts to study developments in the financial operations and financial position of government. It is also used to analyze the operations of a specific level of government, transactions between levels of government, and the public sector

The Statement of Operations produces summary information on the overall performance and financial position of the general government. This Statement is divided into three sections that present: revenue and expense transactions; transactions in non-financial assets; and transactions in financial assets and liabilities. This Statement is a voluntary disclosure and not a reporting requirement under the International Public Sector Accounting Standards, Financial Reporting under the Cash Basis of Accounting (2017), which is the standard adopted in preparing these financial statements.

## **22 Undrawn External Assistance**

During the 2015 financial year, a new project called the Recurrent Cost and Reform Financing (RCRF II later changed to RCRFIII) was introduced. The project will run up to 31<sup>st</sup> December 2026 and is reviewable on a yearly basis. The RCRF III project is a multi-partner fund administered by the International Development Association (IDA). The objective of the project is to support the recipient to provide a credible and sustainable payroll, and to establish the foundation for efficient budget execution and payment systems for the non-security sectors in the Federal Government, eligible Federal Member states and Interim and Emerging Administration.

As specified in a binding agreement Number TFA0534 Dated 07 November 2016 between the Federal Government of Somalia (FGS), acting on behalf of all other existing & emerging states, and the International Development Association (IDA), the South West State of Somalia by virtue of a sub-agreement with FGS has a running project with IDA which will last to 31<sup>st</sup> December 2026. Undrawn External assistance in respect to the RCRF III project is contingent upon SWSS meeting the threshold conditional requirements of the project

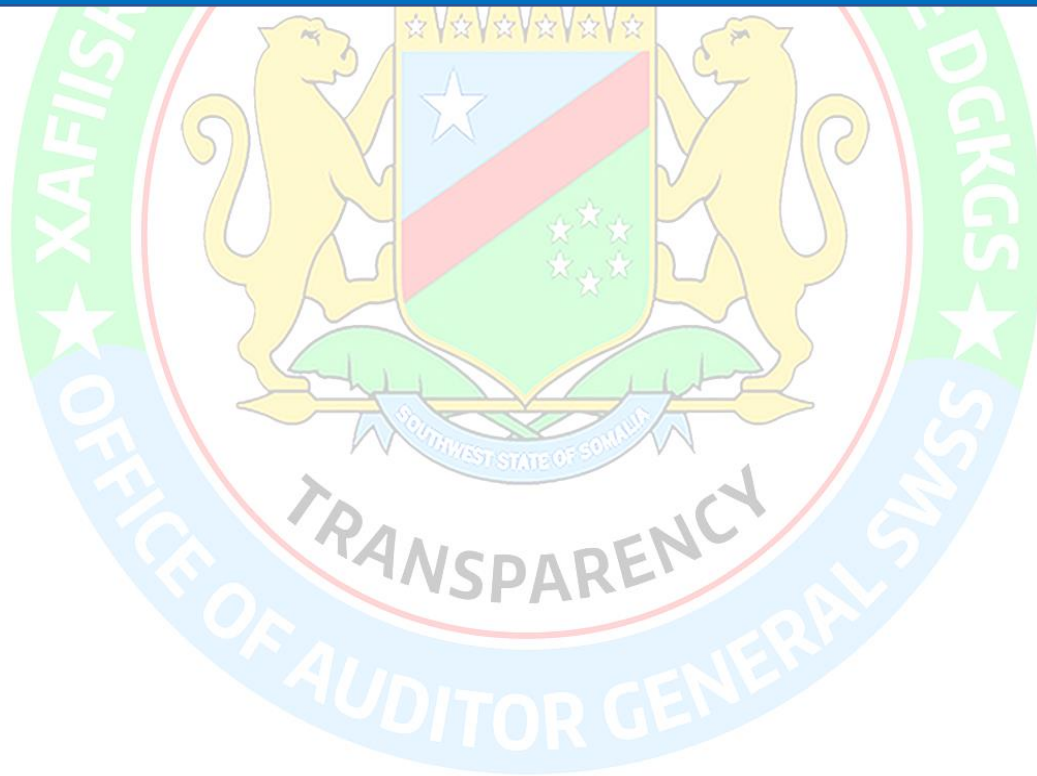
The grant amount is subject to annual review and approval by the IDA. For the fiscal year ending 31 December 2023, SWSS had received funds from the RCRFIII Project totaling \$3,353,214.

	<b>2023</b>
	<b>USD</b>
Beginning Balance	70,146
RCRFIII In Follow	3,353,214
RCRFIII Out Follow	3,365,452
Fends Held in the Project Account @31 December 2023	<b>82,384</b>



# South West state of Somalia

Management letter for the year ended. 31  
December 2023



REF: SWSS/AG/35/2024  
Mr. Ahmed Mohamed Hussein  
Minister of Finance  
Ministry of Finance of South West State of Somalia  
Baidoa, Somalia

10 October 2024

Dear Sir,

**Report to the Minister for the year ended 31 December 2023**

We have recently completed our audit of the Consolidated & Ministerial Financial Statements of the southwest State of Somalia for the year ended 31 December 2023 which we conducted in accordance with International Standards of Supreme Audit Institutions ("ISSAI"). Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatements but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit is conducted to enable us to form and express an opinion on the financial statements that have been prepared by Treasury, the Ministry of Finance with the oversight of the southwest state Federal Member State Cabinet. The audit of the financial statements does not relieve the Ministry of its responsibilities. However, in accordance with our normal practice, we write to draw your attention to certain matters which we identified during our audit. Those issues are set out in the attached report.

Management responses provided through the co-ordination of the Ministry of Finance will be incorporated in the final report. We would like to thank the management and staff for their assistance and co-operation during the audit.

We would be pleased to provide any clarification that you may require on the issues raised in this report.

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made.

Yours faithfully,

Mr. Mohamed Omar Mohamed

Auditor General

Office of the Auditor General of South West State

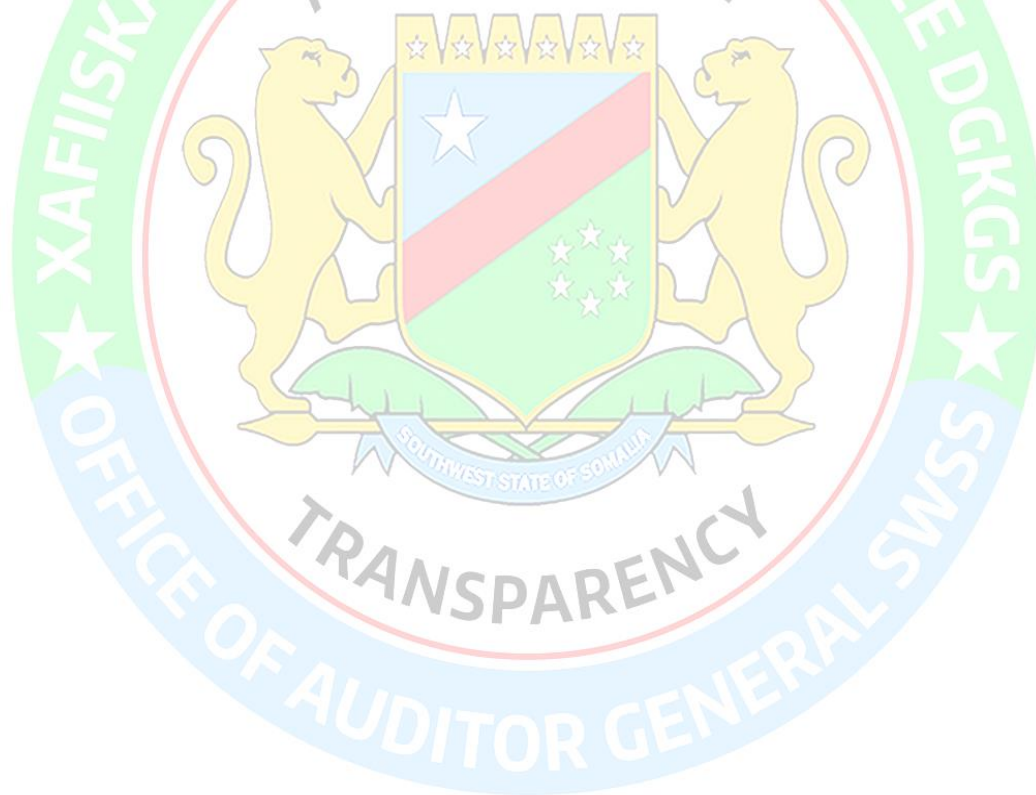


**Abbreviations**



## Abbreviations

Abbreviation	Full description
FMIS	Financial Management Information System
RMS	Revenue Management System
ISSAI	International Standards of Supreme Audit Institutions
ISAI	International supreme audit institution
SWSS	South West State of Somalia
OAG	Office of Auditor General
PFM	Public Finance Management
PV	Payment Voucher
TSA	Treasury Single Account
USD	United States Dollar
FGS	Federal Government of Somalia
CSC	Civil Service Commission







Office of Auditor General

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## 1. INTRODUCTION

The Office of the Auditor General of the South West state of Somalia has the mandate to audit all activities related to expenditure, revenue, assets, etc. in accordance with the Law of Office of the Auditor General of the South West State of Somalia, Law No. 47 of 30<sup>th</sup> January 2021 and Public Financial Management (PFM) Act, Law No. 08/2018 of January 2018.

### 1.1 Background

The South West State of Somalia (SWSS) receives funds from internally generated revenue, grants from the Federal Government of Somalia, and donors. This amounted to USD 20,847,144.10 in 2023. The major expenditure costs for SWSS are security force costs, permanent staff salaries, regular food provision for security forces, and goods and Services. Maintenance of effective control measures and compliance with laws and regulations is the responsibility of the Ministry of Finance (MOF) to allow for the preparation of financial statements in accordance with the International Public Sector Accounting Standard (2017), Financial Reporting under the Cash Basis of Accounting and Section 30 of the Public Financial Management (PFM) Act 2018. Under Section 32(1) of the PFM Act 2018, the MOF is required to prepare financial statements and submit them to the Auditor General for audit no later than four months after the end of the period to which they relate. Within four months from this date, the Auditor General should audit these financial statements and submit an audit report to Parliament as stated in Section 32(3) of the PFM Act 2018. The 2023 draft financial statements were submitted to the OAG on 30th April 2024.

The table below shows the 2023 revenue income:

Local Fund	External Fund	
4,959,193.43	Grants From FGS	10,797,526.08
	Grants from international organizations	5,090,424.59
<b>Total income</b>	<b>\$ 20,847,144.10</b>	

### 1.2 Audit Scope and Limitations.

#### Scope

The audit scope required us to carry out sufficient audit steps and procedures covering the financial activities of southwest state of Somalia for the period from 1st January 2023 to 31st December 2023.

#### Limitations:

The following were identified as possible limitations of the annual financial audit:

- Use of sampling means that we will not test every transaction.
- Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material non-compliance may not be detected, even though the audit is properly planned and performed in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

### 1.3 Audit objectives

The overall objective of the audit is to ascertain whether the financial statements of South West State of Somalia are free from material misstatement, whether due to fraud or error, and have been prepared in accordance with IPSAS – Financial Reporting under the Cash Basis of Accounting.

The audit will ascertain whether:

- The accounting records have been faithfully and properly maintained;
- The rules, procedures and internal controls are sufficient to secure effective control of the assessment, collection and proper allocation of revenues;

- All money expended and charged to an appropriation account has been applied to the purpose or purposes for which the State Parliament intended and with due regard to ensuring effective internal control; and
- Internal controls, rules and procedures established and applied are sufficient to safeguard the assets of South West State of Somalia.

## 1.4 Audit Approach

This audit was conducted in accordance with the Fundamental Auditing Principles of the International Standards of Supreme Audit Institutions (ISSAIs 100-999). These standards require that we comply with ethical requirements and plan and also perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. During this engagement we:

- ✓ Held discussions with key members of **SWSS** staff;
- ✓ Reviewed key documents;
- ✓ Tested key controls;
- ✓ Performed testing of financial transactions on a sample basis; and
- ✓ Evaluated the overall presentation of the financial statements.

Detailed audit findings are presented in the following sections of the report. These findings have been prioritised as high, medium or low according to the criteria shown in the table below.

Risk Rating	Description
High	<ul style="list-style-type: none"> <li>• Matters which may pose a significant business or financial risk to the entity; and / or</li> <li>• Matters that have resulted or could potentially result in a modified or qualified audit opinion if not addressed as a matter of urgency by the entity.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>• Matters of a systemic nature that pose a moderate business or financial risk to the entity if not addressed as high priority within the current financial year; and / or</li> <li>• Matters that may escalate to high risk if not addressed promptly.</li> </ul>
Low	<ul style="list-style-type: none"> <li>• Matters that are isolated, non-systemic or procedural in nature; and / or</li> <li>• Matters that reflect relatively minor administrative shortcomings and require action in order to improve the entity's overall control environment.</li> </ul>

## 1.5 Appreciation

We would like to take this opportunity to thank all staff at SWSS, particularly within MOF, for their assistance and cooperation during this audit assignment.



Office of Auditor General

## 2. CASH AND BANK

Ref	Finding	Risk	Priority	Recommendation	Management Response & Proposed Action
2.1 Weaknesses noted in the state's Banking arrangements and processes.					
	<p>A review of the state's cash and bank management process revealed the following gaps;</p> <ul style="list-style-type: none"> <li>The state's bank register is not maintained against the requirements of the banking regulations.</li> <li>Annual review of the register is not undertaken.</li> <li>authorization limits for the signing of cheques are not implemented</li> <li>Bank confirmations were not received therefore we were unable to confirm bank balances, bank accounts opened or closed during the period under audit.</li> </ul> <p><b>Criteria:</b> <b>Section 3.1.7</b> of the banking regulation requires the establishment of a bank register to record details of all bank accounts operated by the state to be maintained by the Treasury Department. This register records the details in regard to all bank accounts established and operated by the government. Further <b>Section 8</b> of The Bank Account Procedure Manual states that in December of each year, the Cash Management Unit should conduct a review of the bank register and all government bank accounts to confirm bank names and account numbers of all bank accounts registered in the name of the SWSS.</p>	<ul style="list-style-type: none"> <li>Possible operation of bank accounts outside the TSA.</li> <li>Risk of processing unauthorized cheques</li> <li>Possible incorrect closing bank balances</li> </ul>	<b>Medium</b>	<p>The provisions of the banking regulations should be implemented;</p> <ul style="list-style-type: none"> <li>The state bank register should be established and operationalized and reviews undertaken</li> <li>Cheque signing limits to be established in line with requirements of the banking regulation</li> <li>Year-end bank certificates should be obtained for all bank accounts</li> </ul>	<p><b>Responsible Officer:</b></p> <ul style="list-style-type: none"> <li>The 4 noted weaknesses you mentioned are all available at the treasury office. It may happen that you did not meet the responsible departments during the audit process.</li> <li>For the case of the annual review of the registered Banks the management noted and will take action for it.</li> </ul> <p><b>Implementation</b> December 2024</p> <p style="text-align: right;"><b>Date:</b></p>



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### 3. REVENUE

Recorded under note 2 and 4 of the financial statements is an amount of \$4,959,194 relating to local revenue collections for the period under audit. We have sampled \$1,933,096.22 of these local revenue representing 39% of the aggregate local revenue. From the review of the revenue process and the supporting documents, we noted the following gaps affecting accuracy, completeness and classification of the revenue collected from different tax sources:

Ref	Finding	Risk	Priority	Recommendation	Management Response & Proposed Action
<b>3.1 Unsupported Local Revenues</b>					
	<p>Income from local revenue streams such as Landing Fees, Road user tax, Customs Duty on Khat, livestock fees, Buildings, Examination fees, Fuel, Fines, institutional donations and Work permit taxes amounting to <b>\$407,528.65</b> could not be traced to collection receipts and to the bank. The lack of original collection receipt means that we could not confirm the base of the tax, type of tax, tax rate and amount payable. Details are found in <b>Appendix 1.1</b>.</p> <p>Further private payroll taxes amounting to <b>\$772,254.38 th</b> lacked supporting documents. Amounts remitted by organizations and firms were not accompanied by any source of information e.g. payroll listings to give an indication of the basis of the payments and how amounts been paid was determined.</p> <p><b>Criteria:</b> Section 30(7) of the PFM Act 2018 makes it mandatory for the filing, maintenance and safe keeping of all</p>	<ul style="list-style-type: none"> <li>Inaccurate revenue transactions may be recorded</li> <li>All chargeable revenues may be collected and or recorded</li> <li>Revenues may be recorded in unrelated chart of account</li> </ul>	High	Revenue collections should begin with the issue of receipts that should form the basis of recording.	<p><b>Responsible Officer:</b></p> <ul style="list-style-type: none"> <li>The management noted your findings related to all unsupported local collected revenues in the near future the original receipts and recorded will be reading one another.</li> <li>Regarding the issues of payroll tax, the revenue department has all related deposit slips, and receipts from this office are available at the revenue department.</li> </ul> <p><b>Implementation Date:</b> Next year 2025.</p>





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Ref	Finding	Risk	Priority	Recommendation	Management Response & Proposed Action
	documents related to public finance transactions, in a manner and for the length of time prescribed in accounting regulations under the Act.				
<b>3.2 Other weakness of local revenue collections</b>					
	<p>Other weaknesses noted in the management and recording of local revenues include and not limited to;</p> <ul style="list-style-type: none"> <li>Different agencies and ministries other than the ministry of finance collecting taxes such as Livestock fees, Landing fees, Work permit tax etc. with no proper trail and control maintained by the ministry of finance.</li> <li>no reconciliations between receipt books, daily collection registers, deposit slips, FMIS and RMS etc.</li> <li>Insufficient details on the Revenue Vouchers Details such as the Taxpayer Identification Number (TIN), type of tax, purpose of tax, rate of tax etc are not captured making it impossible to know who paid the taxes and for what purpose.</li> </ul>	<ul style="list-style-type: none"> <li>Inaccurate revenue transactions may be recorded</li> <li>All chargeable revenues may be collected and or recorded</li> <li>Revenues may be recorded in unrelated chart of account</li> </ul>	<b>Medium</b>	Revenue collection should be closely tracked and controlled by the ministry of finance, proper revenue reconciliations should be carried so as to seal all possible loopholes and the revenue vouchers should capture essential details of the tax payers.	<p><b>Responsible Officer:</b></p> <ul style="list-style-type: none"> <li>The management noted the lack of proper maintenance and control of revenue collected by other state MDAS.</li> <li>Regarding the reconciliation between FMIS and RMS is done monthly basis and for your information, you can follow up with the respective departments in charge of these issues.</li> <li>Every Revenue Agency, MDAS, and individuals have their own TIN number, within TIN there is a tax type and the date of payment must be recorded.</li> </ul>



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Ref	Finding	Risk	Priority	Recommendation	Management Response & Proposed Action
					<b>Implementation Date:</b> findings 1 will be implemented in December 2024.
<b>3.3 Weakness in Grants from Donors and FGS</b>					
	<p>Gaps identified during the review of grants from both FGS and other international organizations include and are not limited to;</p> <ul style="list-style-type: none"> <li>Lack of donor agreements making it difficult to ascertain budget, work plan, terms and conditions, and milestones.</li> <li>lack of proper communication channels leading to pending donor confirmations which limits our ability to conclude on the completeness of amounts received from the donor.</li> </ul> <p><b>Criteria:</b> Provisions of section 33 (2) of the Public Financial Management Act of 2018 which requires, all spending entities which are beneficiary to donor funding that is not channeled through the budget to within seven (7) working days of signing the agreements, submit copies of the relevant cooperation agreements and memoranda of understanding to the Minister for</p>	<ul style="list-style-type: none"> <li>Grant revenue may be misstated.</li> <li>noncompliance to contractual terms.</li> </ul>	<b>Medium</b>	<p>Donor agreements, MOUs needs to be maintained within the ministry of finance and all spending entities for ease of coordination.</p> <p>Donor agreements, MOUs and other donor related documents should reflect all necessary information such as budgets, objectives, deliverables, conditions etc</p> <p>A list of donor contacts should be maintained. And Monthly donor reconciliations should be performed.</p>	<p><b>Responsible Officer:</b></p> <ul style="list-style-type: none"> <li>for your information all donor agreements are available at the Ministry of Finance, particularly the Budget Department office. We request the OAG should do its auditing properly and execute its mandate with the help of the relevant offices in charge.</li> <li>In terms limit of communication from donors we request all donors to work closely with the AOG for them to produce a credible and reliable audit reports.</li> </ul>



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Ref	Finding	Risk	Priority	Recommendation	Management Response & Proposed Action
	finance have not been complied with. Further provisions of Instruction I of PFM act that requires the implementing agents to provide Copies of the agreement and / or, memorandum of understanding, and details of the funding to the minster has not also been complied with.			All provisions of the PFM act as well as other regulations should be adhered to in managing donor funds.	



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### 4. Non payroll costs

The total amount spent on non-payroll costs as disclosed in the financial statement is **\$9,004,118** relating to the use of goods and services and the purchase of non-financial assets for the period under audit. We have sampled **\$4,588,401.02** of expenses representing **50.96%** of the non payroll costs. A review of the expenses revealed several gaps affecting the accuracy, completeness and classification of the expenditures.

total non-payroll costs	9,004,118
Unsupported	1,191,393.39
percentage of unsupported	13%
partially supported	1,691,883.6
percentage of partially supported	19%
total non-payroll costs with deficiencies	32%

Ref	Finding	Risk	Priority	Recommendation	Management Response & Proposed Action
<b>4.1 Unsupported and partially supported non payroll costs</b>					
	13% of the expenses amounting to \$1,191,393.39 were found to be supported only with internally generated documents. Such as commitment payment order, payment request form and the paying cheques (Bisan and bank cheque) which are all print outs of FMIS These expenses lacked any evidence of occurrence and were hence deemed unsupported. <b>Details are found in appendix 1.2</b>	Weaknesses at one stage of the expenditure control cycle can undermine the integrity and credibility of the system as a whole e.g. where payments are made for goods and services not received. Expenditures that do	<b>High</b>	To enhance compliance with PFM and treasury regulations, appropriate support documents be maintained for all payments. No payment should be made by Treasury without adequate	Responsible officer: <ul style="list-style-type: none"> <li>The non-payroll tax cost amounts \$1,191,393.39 documents are</li> </ul>



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Ref	Finding	Risk	Priority	Recommendation	Management Response & Proposed Action
	<p>Further 19% of the non payroll costs amounting to \$ 1,691,883.6 were partially supported with third party documentations but lacked evidence of delivery or work done. These expenses lacked evidence that goods were delivered or services were rendered. There were no goods received note or delivery notes neither were certificates of work done or certifications by professional such as engineers provided. In addition, for travel expenses there were no quotation, invitation letter, boarding pass, travel authorization forms etc.. In the circumstances, the expenses were deemed partially supported. <b>Details are found in appendix 1.3</b></p> <p><b>Criteria:</b> Section 30 (7) of the Public Financial Management Act of 2018 requires maintenance and safekeeping of all documents relating to public finance transactions in a manner and for the length of time prescribed in accounting regulations under this Act. Section 4.1.2.10 of the budget execution regulation issued on 1 January 2018 requires that all transaction documents relating to the purchase of goods and services will be presented to the certifying officer prior to payment processing.</p>	<p>not have supporting documentation; can be termed ineligible by the Parliament or the donors.</p>		<p>supporting documents being presented.</p>	<p>available in both offices Ministry of Health and the Ministry of Finance and if you wish we can again a vail for your reference. Implementation Date:</p>



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## 5. COMPENSATION OF EMPLOYEES

Recorded under note 10 of the financial statements is an amount of \$ **11,717,282** relating to compensation of employees for the period under audit. In addition, details of these amount is as for 2023 financial year are as follows:

Description	Amount
Basic salaries for general Civil Service	1,406,264.99
Teachers salary	563,500.00
Health workers salary	237,120.00
Temporary staff salary	1,261,060.00
Legislature salary	308,400.00
Political appointees salary	54,250.00
Contract Employees	1,292,140.67
Daily meals	2,130,390.00
Temporary staff allowances	3,200.00
Security sector allowances	2,254,246.96
Incentive allowances	2,206,709.17
Total	<b>11,717,282</b>

During our review of these payments process of compensations of employees we noted the following gaps affecting accuracy, completeness and classification of the expenditure on payroll:





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Ref	Findings	Risk	Priority	Recommendation	Management Responses & Proposed Actions
<b>5.1 Gaps on Compensation to employees</b>					
	<p>1. Security payments amounting to \$2,254,246.96 was spent with no proper supporting documents. We could not ascertain the number of security personnel paid per month neither were we able to determine whether payments reached the intended final beneficiaries since payments were made in bulk in the name of the interior ministry. An amount of <b>\$839,496.96</b> was paid to Salaama Logistic Services and recorded as part of security payments. the nature of the payment could not be ascertained.</p> <p>2. contract employees and Incentive allowances payments lacked any documented evidence of competitive recruitment at the initial stages of engagement of the individuals. Payments lacked major supporting documents such as job descriptions and attendance sheets. Basic documents or information on contract employees in the Ministry of Women and Human Rights were not received due to a lack of cooperation from concerned officials</p> <p>3. Further we were unable to verify the personal files of health workers in the ministry of Health due to lack of cooperation from those responsible officers.</p> <p>4. We noted payments amounting to \$663,400(31% of total daily meals) were not supported with required documents and the only documents availed for audit</p>	<p>Possible payments to non-deserving persons and funds may not reach intended beneficiaries</p>	<p>High</p>	<p>Automate and base the security's payroll expenses on biometric identity of recipients. The government to obtain monthly security officers head count and status prior to release of lump sum required amounts. Payment of officers through Bank Accounts.</p>	<p><b>Responsible Officer:</b></p> <ul style="list-style-type: none"> <li>• Generally, the issue of the security sector in Somalia is a challenging matter and the management noted and will act on it.</li> <li>• Non-civil servant contract, JD of employees' information is all available at the Ministry of Finance, particularly Treasury.</li> <li>• For issues of the Ministry of Health Workers, all documents are available at the Ministry of</li> </ul>



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Ref	Findings	Risk	Priority	Recommendation	Management Responses & Proposed Actions
	<p>were internally generated documents such as commitment payment orders, payment request forms, and the paying cheques (Bisan and bank cheque). <b>Details are found in Appendix 1.4</b></p> <p><b>Criteria:</b></p> <p><b>a)</b> Payroll processing- section 5.1.3.2 of Instruction D- Budget Execution regulations, payroll and salary payment should be support by detailed documentation.</p> <p><b>b)</b> Best practice requires that salaries and wages should be paid through minimal risk – avoid cash payments where there are alternative less risky methods.</p>				<p>Finance and OAG should work with the relevant departments closely regarding Contracts and staff.</p> <ul style="list-style-type: none"> <li>We noted that the issue you raised on point 4 amounting \$663,400(31% of total daily meals all audit-supported documents are available at the MOF and were presented during the Audit process.</li> </ul> <p><b>Implementation Date:</b></p> <p><i>Auditor Comment:</i></p>



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## 6. Procurement

Ref	Findings	Risk	Priority	Recommendation	Management Responses & Proposed Actions
<b>6.1 Weaknesses in procurement process</b>					
	<p>During our audit we noted Various gaps in the procure to pay process which include and not limited to the following;</p> <ul style="list-style-type: none"> <li>• procurement policy does not have stipulated guidelines on the composition and number of the procurement committee</li> <li>• procurement committee is not in place.</li> <li>• No procurement plan.</li> <li>• Prequalification of suppliers for goods and services is not done</li> <li>• Requirements for competitive procurement process has not been complied and several instances of unjustified single sourcing have been noted. <b>Details provided under Appendix 1.5</b></li> </ul> <p><b>Criteria:</b> <b>Article 4</b> of SWSS procurement policy provides the guidelines for the procurement of goods and services as follows;</p> <p>a) Sole and Single-Sourcing; this is to be undertaken in the following circumstances; When there is an existing contract for goods, works or non-consultant services, awarded as per the procedure acceptable to SWSS, Standardization of equipment or spare parts to</p>	<p>Lack of application of competitive procurement procedures poses the risk of SWSS not benefitting from the best value for money for the taxpayers and donor's money. In addition, lack of adherence to set procurement procedures may lead to malpractice in the procurement process.</p> <p>Risk of lack of fairness in awarding government contracts.</p>	<b>High</b>	<p>Competitive procurement procedures should be adhered to as per the guidelines. The Ministry should ensure procurement for goods and services carried out in accordance with the procurement policy. Where single sourcing is done, a justification should be documented.</p> <p>We also recommend that policy reviewed updated with guidelines stipulating the composition and number of members that should form the procurement committee. MOF Procurement department should take measures to strengthen control by ensuring that annual procurement plan is prepared and regularly pre-qualify its suppliers.</p>	<p><b>Responsible Officer:</b></p> <ul style="list-style-type: none"> <li>• Procurement policy identified the composition and the number of committee.</li> <li>• Its true that, there is no procurement committee in placed so far.</li> <li>• All companies who doe business with the Ministry of finance are advertised and prequalification of supplies were always done in accordance with the PFM Act.</li> <li>• The management has noted and will act on it, For the issues of not complying in</li> </ul>



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Ref	Findings	Risk	Priority	Recommendation	Management Responses & Proposed Actions
	<p>be compatible with existing equipment, when the required equipment is proprietary and is obtainable only from one source, in exceptional cases, such as in response to natural disasters and when the value of the contract is one thousand United States Dollars (USD1,000) or less.</p> <p>b) Shopping method– purchases less than USD <b>10,000</b>; require a minimum of three quotes and price analysis done.</p> <p>c) The competitive procurement process involving public tendering will be undertaken for purchases above USD <b>10,000</b>.</p>				<p>terms of the competitive process and the use of unjustified single sourcing.</p> <p><b>Implementation Date:</b> January 2025.</p>



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## 7. Fixed assets

Ref	Findings	Risk	Priority	Recommendation	Management Responses & Proposed Actions
<b>7.1 Weaknesses identified in the management of fixed assets</b>					
	<p>During our audit we noted a number of weaknesses were identified which may not be limited to the following;</p> <ul style="list-style-type: none"> <li>✓ Lack of centralized fixed asset register</li> <li>✓ Fixed assets are not tagged.</li> <li>✓ And no evidence for periodic assets verification procedures.</li> </ul> <p><b>Criteria:</b> Fixed assets are critical wealth of the government. Fixed assets should be controlled through tracking and maintaining an organization's physical assets and equipment. Asset types include vehicles, computers, furniture and machinery</p>	<p>Lack of a comprehensive fixed assets register could lead to the difficulty in accounting of the assets as well as the susceptibility of the assets to theft or misplacement</p>	<b>Medium</b>	<p>Centralised assets register should be established and updated. This should include all government property both movable and immovable. The SWSS should ensure that all assets are tagged with a unique identification code. An asset maintenance schedule be maintained and followed, and all broken but useful pieces of assets be regularly repaired and put into good use. There should be regular physical verification exercise on the assets, the results of which should be updated in the Centralized assets register.</p>	<p><b>Responsible Officer:</b></p> <ul style="list-style-type: none"> <li>• Currently, the asset management system is not properly functional and the Ministry of Finance is looking for an alternative option to manage government assets.</li> </ul> <p><b>Implementation Date:</b> Next year 2025.</p>



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## 8. FOLLOW UP OF PRIOR YEAR RECOMMENDATIONS

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:





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## 9. Appendixes

### Appendix 1.1

Date	Voucher	Funder/Clien	Currency	Fund	Ministry/Acc	Location	Project	Funder/Clien	Cr. Amount	Description
07/02/2023	23/00000448 RV	040000	USD	1100000	040000	1101	000000	Ministry of Interior and Local Government	20,000.00	Road user tax
12/06/2023	23/00002057 RV	030000	USD	1100000	030000	1101	000000	Ministry of Finance	15,503.65	Khat
07/02/2023	23/00000448 RV	040000	USD	1100000	040000	1101	000000	Ministry of Interior and Local Government	15,000.00	Investstock fees
13/08/2023	23/00002876 RV	030000	USD	1100000	030000	1101	000000	Ministry of Finance	15,000.00	Buildings
31/05/2023	23/00001996 RV	1200000	USD	1100000	120000	1101	000000	Ministry of Education	14,288.00	Examination fees
05/09/2023	23/00003249 RV	040000	USD	1100000	040000	1101	000000	Ministry of Interior and Local Government	13,000.00	Road user tax
06/08/2023	23/00002783 RV	030000	USD	1100000	030000	1101	000000	Ministry of Finance	10,000.00	Fuel
15/03/2023	23/00000882 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	10,000.00	Landing fees
29/10/2023	23/00003903 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	7,000.00	Landing fees
22/07/2023	23/00002533 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	7,000.00	Landing fees
30/11/2023	23/00004341 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	7,000.00	Landing fees
23/03/2023	23/00000963 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	7,000.00	Landing fees
05/09/2023	23/00003249 RV	040000	USD	1100000	040000	1101	000000	Ministry of Interior and Local Government	7,000.00	Landing fees
23/12/2023	23/00004592 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	6,400.00	Landing fees
05/06/2023	23/00002001 RV	030000	USD	1100000	030000	1101	000000	Ministry of Finance	6,250.00	Khat
25/06/2023	23/00002192 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	6,000.00	Landing fees
23/05/2023	23/00001815 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	6,000.00	Landing fees
12/08/2023	23/00002861 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	6,000.00	Landing fees
30/07/2023	23/00002696 RV	020000	USD	1100000	020000	1101	000000	Ministry of Justice	6,000.00	Fines
13/05/2023	23/00001713 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	6,000.00	Landing fees
13/06/2023	23/00002078 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	6,000.00	Landing fees
30/03/2023	23/00001073 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	6,000.00	Landing fees
17/08/2023	23/00002371 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,100.00	Landing fees
06/07/2023	23/00002389 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
12/07/2023	23/00002438 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
30/04/2023	23/00001396 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
08/11/2023	23/00004379 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
18/03/2023	23/00000917 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
14/10/2023	23/00003893 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
07/09/2023	23/00003265 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
23/01/2023	23/00000207 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
23/04/2023	23/00001316 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
17/07/2023	23/00002498 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
08/05/2023	23/00001548 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
21/02/2023	23/00000649 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
06/08/2023	23/00002781 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
10/06/2023	23/00002051 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
25/01/2023	23/00000323 RV	080000	USD	1100000	080000	1101	080201	Patrolim & Miriral Resource- Staff	5,000.00	institutional donations
27/02/2023	23/00000722 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
17/05/2023	23/00001771 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
26/01/2023	23/00000244 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
07/06/2023	23/00002017 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
19/01/2023	23/00000170 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	5,000.00	Landing fees
28/02/2023	23/00000764 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	4,900.00	Landing fees
13/06/2023	23/00002074 RV	2500000	USD	1100000	250000	1101	000000	Ministry of Labour & Employment	4,600.00	Work permit taxes
30/09/2023	23/00003470 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	4,400.00	Road user tax
16/09/2023	23/00003343 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	4,035.00	Road user tax
09/09/2023	23/00003275 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	4,022.00	Road user tax
26/08/2023	23/00003061 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	4,000.00	Landing fees
23/11/2023	23/00004189 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	4,000.00	Landing fees
08/07/2023	23/00002407 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,987.00	Road user tax
02/09/2023	23/00003198 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,845.00	Road user tax
19/08/2023	23/00002952 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,542.00	Road user tax
24/06/2023	23/00002187 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,523.00	Road user tax
22/07/2023	23/00002520 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,522.00	Road user tax
23/09/2023	23/00003396 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,456.00	Road user tax
11/10/2023	23/00003666 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,441.00	Road user tax
12/08/2023	23/00002857 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,352.00	Road user tax
05/08/2023	23/00002775 RV	2500000	USD	1100000	250000	1101	000000	Ministry of Labour & Employment	3,148.00	Work permit taxes
09/10/2023	23/00003648 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	3,003.00	Road user tax
31/10/2023	23/00003822 RV	2500000	USD	1100000	250000	1101	000000	Ministry of Labour & Employment	3,000.00	Work permit taxes
29/07/2023	23/00002832 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	2,953.00	Road user tax
09/09/2023	23/00003281 RV	2500000	USD	1100000	250000	1101	000000	Ministry of Labour & Employment	2,910.00	Work permit taxes
12/10/2023	23/00003880 RV	030000	USD	1100000	030000	1101	000000	Ministry of Finance	2,825.00	Road user tax
05/10/2023	23/00003614 RV	030000	USD	1100000	030000	1101	000000	Ministry of Finance	2,795.00	Buildings
14/01/2023	23/00000134 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	2,533.00	Road user tax
29/07/2023	23/00002847 RV	030000	USD	1100000	030000	1101	000000	Ministry of Finance	2,520.00	Khat
31/01/2023	23/00000381 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	2,500.00	Landing fees
18/09/2023	23/00003365 RV	030000	USD	1100000	030000	1101	000000	Ministry of Finance	2,388.00	Buildings
15/04/2023	23/00001625 RV	1200000	USD	1100000	120000	1000	000000	Ministry of Education	2,280.00	Examination fees
31/12/2023	23/00004772 RV	270000	USD	1100000	270000	1101	000000	Ministry of Transport and Airport	2,150.00	Landing fees
30/08/2023	23/00003142 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	2,135.00	Road user tax
07/09/2023	23/00003263 RV	030000	USD	1100000	030000	1301	000000	Ministry of Finance	2,124.00	Road user tax
11/10/2023	23/00003668 RV	030000	USD	1100000	030000	1307	000000	Ministry of Finance	2,100.00	Road user tax
									<b>407,528.65</b>	



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Appendix 1.2

Date	Voucher No.	Description	Amount US \$
20/02/2023	23/00000256 PV	VEHICLE RENT	4,140
30/12/2023			
	23/00002491 PV	Buildings other than dwellings	6,937
27/02/2023	23/00000341 PV	VEHICLE RENT	9,360
27/02/2023	23/00000347 PV	diesel oil	4,000
20/05/2023			
	23/00000813 PV	Buildings other than dwellings	1,800
02/09/2023	23/00001574 PV	LOCAL CONFERENCE	2,640
21/06/2023	23/00001036 PV	Office rent	3,000
17/06/2023	23/00001017 PV	VEHICLE RENT	3,000
31/12/2023	23/00002516 PV	internet fees	6,600
25/10/2023	23/00001873 PV	VEHICLE RENT	3,000
04/05/2023	23/00000696 PV	VEHICLE RENT	3,000
30/12/2023	23/00002493 PV	internet fees	3,100
25/09/2023	23/00001677 PV	diesel oil	3,000
26/09/2023	23/00001682 PV	diesel oil	3,000
26/12/2023	23/00002424 PV	Fees for service provided	41,417
01/06/2023	23/00000957 PV	Fees for service provided	17,550
12/07/2023	23/00001165 PV	Fees for service provided	15,600
26/07/2023	23/00001240 PV	M and Reapers for Building	21,394
29/10/2023	23/00001947 PV	Internal Trave	3,360
16/08/2023	23/00001445 PV	Internal Trave	13,385
17/12/2023	23/00002334 PV	INTERNAL TRAVEL	12,590
17/12/2023	23/00002335 PV	INTERNAL TRAVEL	8,268
17/12/2023	23/00002333 PV	INTERNAL TRAVEL	8,768
30/11/2023	23/00002168 PV	INTERNAL TRAVEL	2,896
30/11/2023	23/00002171 PV	INTERNAL TRAVEL	5,148
23/07/2023	23/00001219 PV	INTERNAL TRAVEL	13,230
27/02/2023	23/00000342 PV	Internal Travel	4,000
31/05/2023	23/00000918 PV	Internal Travel	4,000
08/11/2023	23/00002011 PV	Internal Travel	7,600
28/12/2023	23/00002480 PV	Internal Travel	6,350
13/08/2023	23/00001430 PV	Internal Travel	10,640
31/08/2023	23/00001570 PV	EXTERNAL travel	2,520
30/11/2023	23/00002173 PV	internal travel	2,896
10/05/2023	23/00000757 PV	Internal Travel	2,400
04/03/2023	23/00000367 PV	Internal Travel	13,728
20/05/2023	23/00000825 PV	INTERNAL TRAVEL	72,050
07/08/2023	23/00001384 PV	G-suite	4,800
08/11/2023	23/00002000 PV	office rent	3,000
13/11/2023	23/00002036 PV	REFRESHMENT	2,700
10/06/2023	23/00000985 PV	TV AND NEWSPAPERS	12,000
05/02/2023	23/00000155 PV	starellie	7,000
12/07/2023	23/00001159 PV	VEHICLE RENT	11,505
21/06/2023	23/00001038 PV	Fees for service provided	2,600
26/07/2023	23/00001239 PV	M and Reapers for Building	19,971
25/06/2023	23/00001067 PV	G-suite	3,200
17/12/2023	23/00002336 PV	VEHICLE RENT	3,000
28/12/2023	23/00002481 PV	REFRESHMENT	3,967
01/10/2023	23/00001726 PV	diesel and oil	24,000
05/09/2023	23/00001589 PV	diesel and oil	5,000
24/09/2023	23/00001675 PV	diesel and oil	2,700
22/10/2023	23/00001851 PV	REFRESHMENT	2,250
09/09/2023	23/00001607 PV	REFRESHMENT	2,100
30/01/2023	23/00000117 PV	Publication	3,300
02/03/2023	23/00000162 JOURNAL	REFRESHMENT	2,165
12/07/2023	23/00001160 PV	REFRESHMENT	26,905
05/04/2023	23/00000703 PV	Publication	50,000
08/05/2023	23/00000737 PV	Diesel and Oil	7,000
08/04/2023	23/00000550 PV	VEHICLE RENT	6,500
27/07/2023	23/00001291 PV	MEDICAL SUPPLIES	35,000
01/11/2023	23/00001980 PV	LOCAL CONFERENCE	2,880
17/09/2023	23/00001645 PV	VEHICLE RENT	2,250
20/06/2023	23/00001030 PV	REFRESHMENT	33,144
25/10/2023	23/00001862 PV	REFRESHMENT	37,897
08/02/2023	23/00000166 PV	REFRESHMENT	10,600
04/01/2023	23/00000010 PV	REFRESHMENT	25,640
03/01/2023	23/00000004 PV	REFRESHMENT	10,520
04/02/2023	23/00000143 PV	VEHICLE RENT	3,060
08/02/2023	23/00000165 PV	REFRESHMENT	8,500
25/10/2023	23/00001863 PV	Material and supplies	10,197
02/11/2023	23/00001987 PV	Extention of Barwago market	55,900
28/12/2023	23/00002484 PV	Buildings other than dwellings	62,829
11/07/2023	23/00001157 PV	3rd Installment 10%	5,810
19/09/2023	23/00001658 PV	Machinery and equipment not elsewhere cl	17,394
27/11/2023	23/00002120 PV	Machinery and equipment not elsewhere cl	24,798
28/12/2023	23/00002485 PV	Buildings other than dwellings	176,310
03/05/2023	23/00000693 PV	Buildings other than dwellings	9,050
17/09/2023	23/00001644 PV	Machinery and equipment not elsewhere cl	2,512
13/07/2023	23/00001170 PV	Machinery and equipment not elsewhere cl	10,920
25/12/2023	23/00002374 PV	Machinery and equipment not elsewhere cl	69,875
20/06/2023	23/00001032 PV	Machinery and equipment not elsewhere cl	15,430
08/04/2023	23/00000551 PV	Machinery and equipment not elsewhere cl	4,286
10/08/2023	23/00001409 PV	Machinery and equipment not elsewhere cl	544
19/07/2023	23/00001183 PV	AFRICAN CHILD	50
05/07/2023	23/00000135 PV	Information, computer, and telcecommuni	700
04/03/2023	23/00000372 PV	Machinery and equipment not elsewhere cl	468
25/10/2023	23/00001869 PV	Machinery and equipment not elsewhere cl	2,800
			1,191,393



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Appendix 1.3

Date	Voucher No.	Description	Amount US \$
09/11/2023	23/00002025 PV	Fees for service provided	41,416.67
06/04/2023	23/00000542 PV	REFRESHMENT	2,700.00
21/01/2023	23/00000067 PV	internet fees	8,000.00
10/05/2023	23/00000760 PV	VEHICLE RENT	2,520.00
04/05/2023	23/00000700 PV	VEHICLE RENT	6,960.00
02/11/2023	23/00001986 PV	REFRESHMENT	82,000.00
27/07/2023	23/00001290 PV	LOCAL CONFIRENCE	70,748.00
23/12/2023	23/00002361 PV	Fees for service provided	200,000.00
03/10/2023	23/00001741 PV	Medical supply	195,000.00
03/10/2023	23/00001741 PV	Local Confirence	200,000.00
27/07/2023	23/00001291 PV	Ministry of Health	168,748.00
02/10/2023	23/00001736 PV	Local Confirence	210,000.00
03/10/2023	23/00001743 PV	Internal Travel	165,000.00
03/10/2023	23/00001741 PV	Internal Travel	180,000.00
11/09/2023	23/00001612 PV	EXTERNAL travel	4,376.80
02/05/2023	23/00000690 PV	EXTERNAL travel	2,626.00
20/05/2023	23/00000812 PV	Second Installment for 40%	23,240.00
20/02/2023	23/00000266 PV	Wells & water holes (construction) for BIYOO	28,968.28
13/02/2023	23/00000180 PV	Wells and Water holes ( Construction) MoEWF	79,579.85
13/02/2023	23/00000181 PV	Fees for service provided, Blot demonstration	20,000.00
			1,691,883.60



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Appendix 1.4

Date	Voucher No.	Description	Amount US \$	Findings
09/05/2023	23/00000751 PV	Daily meals	10,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
14/05/2023	23/00000794 PV	Daily meals	7,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
14/11/2023	23/00002044 PV	Daily meals	2,300.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
21/11/2023	23/00002086 PV	Daily meals	4,900.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
13/11/2023	23/00002032 PV	Daily meals	2,700.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
04/11/2023	23/00001994 PV	Daily meals	68,900.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
04/11/2023	23/00001995 PV	Daily meals	48,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
21/01/2023	23/00000064 PV	Daily meals	5,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
09/01/2023	23/00000033 PV	Daily meals	9,600.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
19/01/2023	23/00000063 PV	Daily meals	14,400.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
15/01/2023	23/00000046 PV	Daily meals	9,400.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
25/07/2023	23/00001236 PV	Daily meals	2,800.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
08/07/2023	23/00001148 PV	Daily meals	3,500.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
02/10/2023	23/00001734 PV	Daily meals	200,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
10/08/2023	23/00001405 PV	Daily meals	2,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
15/08/2023	23/00001441 PV	Daily meals	7,400.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
17/08/2023	23/00001447 PV	Daily meals	4,500.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
12/08/2023	23/00001420 PV	Daily meals	8,200.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
04/03/2023	23/00000363 PV	Daily meals	91,400.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
19/08/2023	23/00001448 PV	Daily meals	3,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
06/12/2023	23/00002224 PV	Daily meals	800.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
04/09/2023	23/00001587 PV	Daily meals	3,500.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
04/06/2023	23/00000961 PV	Daily meals	70,700.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
06/09/2023	23/00001593 PV	Daily meals	23,300.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
26/06/2023	23/00001089 PV	Daily meals	9,900.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
07/06/2023	23/00000978 PV	Daily meals	10,300.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
13/06/2023	23/00001000 PV	Daily meals	9,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
09/12/2023	23/00002285 PV	Daily meals	500.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
04/12/2023	23/00002209 PV	Daily meals	6,800.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
12/12/2023	23/00002311 PV	Daily meals	4,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
14/12/2023	23/00002326 PV	Daily meals	1,500.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
23/12/2023	23/00002360 PV	Daily meals	3,200.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
23/03/2023	23/00000457 PV	Daily meals	6,200.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
12/11/2023	23/00002030 PV	Daily meals	4,000.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
28/10/2023	23/00001944 PV	Daily meals	4,700.00	No procurement process , no delivery note, No recived note, no Receipt Voucher
			663,400.00	



Office of Auditor General

Appendix 1.5

Supplier	Category of goods and services	Finding	Frequency of work with government	Contract value – USD
Sihaam General Trading Company	MEDICIAL SUPPELIES	Lack of procurement bid analysis and wrong Procurement procedures	High	477,497
ARAN GENERAL SERVICE & LOGISTICS COMPANY	Non	Lack of procurement bid analysis and wrong Procurement procedures	High	168,748
SAHRA GENERAL SERVICE COMPANY	Machinery and equipment not elsewhere classified	Lack of procurement bid analysis	High	69,875.34
MODOREN SUPPLY AND CONSTRUCTION COMPANY	Buildings other than dwellings	Lack of procurement bid analysis	High	176,310
Laamiya Logistics and Supply	Internal Travel	Lack of procurement bid analysis	High	180,000
Best Fly Travel Agency	Internal Travel	Lack of procurement	High	165,000
ALPHA GENERAL TRANDING & CONSTRUCTION COP	Buildings other than dwellings	Wrong Procurement procedures	High	134,733