CONTACT US:

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Garowe, Puntland

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DOWNLOAD THE FULL REPORT

Scan to access the full Annual Performance Report

JOIN THE CONVERSATION (SHARE YOUR INSIGHTS)

Your feedback is crucial to our public-interest mandate. Scan here to share your views, suggestions, and priorities for our upcoming Audit Plan. Let's build a better Puntland together

Office of the Auditor General
Puntland State of Somalia

ANNUAL PERFORMANCE REPORT 2025

IN BRIEF

Delivering Value Beyond Compliance

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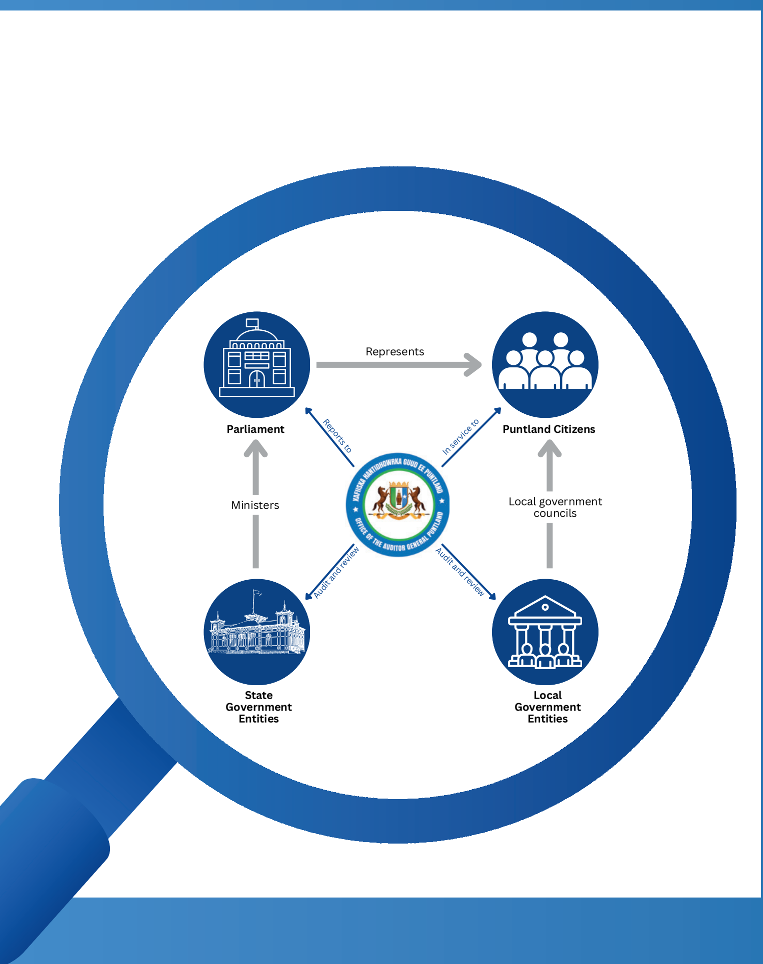


WHO WE ARE

As the Supreme Audit Institution (SAI) of Puntland, we serve as the guardians of the public purse. We are moving beyond traditional Financial and compliance auditing that is risk based to a more performance-driven approach that ensures every shilling of public money translates into tangible services for our citizens. We empower the Government, Parliament and the Public with independent, credible insights to foster transparency and accountability.

Our Vision

To be an independent and credible Supreme Audit Institution that fosters public trust and contributes to the prosperity of Puntland citizens.

Our Mission

To promote accountability, transparency, and good governance through high-quality, independent audits that provide value-added insights to the Parliament, Government, and Public.

Our Mandate & Powers

Underpinned by Articles 109 & 110 of the Puntland Constitution:

Independence & Autonomy
Established under Article 109 & 110 of the constitution as an independent institution. The OAG operates autonomously across the entire Puntland territory to ensure impartial financial oversight.

Comprehensive Oversight
Mandated to monitor all public expenditures and investigate any entity administering public resources, including state institutions, local governments, autonomous agencies, state owned or partly enterprises, institutions that manage external resources from donors to Puntland to ensure compliance with the PFM laws.

Accountability to Parliament
Responsible for submitting the definitive Annual Report on State Accounts to the House of Representatives, enabling the Parliament to hold the executive accountable for the use of public funds.

Enforcement & Anti-Corruption
Empowered by Article 110 to fight corruption at all levels. The Auditor General has the constitutional authority to determine improper use of funds, impose fair fines, and refer criminal cases directly to the Attorney General for prosecution.

Our Core Values

INTEGRITY: We act with honesty, courage, and ethics in every decision.

INDEPENDENCE: We work without fear or favor to serve the public interest.

PROFESSIONALISM: We adhere to international standards (ISSAIs) to ensure quality.

TRANSPARENCY: We lead by example, ensuring our work is accessible to all.

INNOVATION: We embrace technology and modern methodology to deliver greater impact.

Executive Summary from the Auditor General

2025 marked a definitive strategic pivot for the Office of the Auditor General (OAG). We made a deliberate choice: to move beyond routine financial and compliance and embrace a modern, performance-driven approach that prioritizes Value for Money.

In 2025, we prioritized self-reflection and adherence to global standards. Through the SAI PMF Self-Assessment process, we scrutinized our internal compliance with INTOSAI standards. To complement this, we studied a comprehensive Investment & Infrastructure requirement with help of Grant Thornton. This dual-lens approach will ensure that we are not only professionally competent but also structurally equipped to deliver on our mandate.

Crucially, we championed a 'Tone at the Top' culture and invested heavily in our human capital by driving an aggressive professionalization agenda where leadership reinforced the standard of excellence by adding specialized credentials (CFE) to their portfolio, inspiring staff to pursue global certifications like ACCA, CFE, CIA and IDI PESA.

Through this enhanced capacity, we achieved 83% audit coverage of overall annual audit plan, operationalized the state's first Performance Audit Unit (PAU), and pioneered agile Special Audits to address urgent public concerns.

> **"We are building an institution where audit findings translate into tangible improvements in the lives of Puntland's citizens."**

H.E. OSMAN MOHAMOUD ALI, FCCA, CIPFA, CFE
Auditor General, Puntland State of Somalia

CHALLENGES & THE ROAD AHEAD: OUR VISION FOR 2026

THE ROAD AHEAD

Challenges create the opportunity for transformation. Our path for the coming years is clear: To build an institution that is not only independent on paper, but fully resourced and technically equipped to deliver world-class public sector auditing.

The Challenges We Face

Fiscal Constraints
Securing **full financial independence** to fund a modern SAI

Legislative Reform
Expediting the enactment of the **Revised Audit Act** to anchor our mandate

Infrastructure Gaps
Bridging infrastructure and **logistics gaps** to expand our audit reach

Talent Shortage
Attracting and retaining a **highly skilled and certified** professional audit workforce

BEYOND THE AUDIT MANDATE: OUR SOCIAL COMMITMENT

CORPORATE SOCIAL RESPONSIBILITY (CSR) IN ACTION

$3,000

Voluntarily contributed by our dedicated staff to support the Puntland Security Forces

We believe that safeguarding the nation's security and safeguarding its finances are two sides of the same coin of good governance.

As a pillar of state integrity, we understand that sound public finance and national security are two sides of the same coin. True accountability includes a commitment to the well-being of our entire community.
In 2025, OAG staff proudly stood in solidarity with our brave security forces by voluntarily contributing to the Security Forces Support Committee, reaffirming our role as guardians of both Puntland's assets and its future.

> ***"Our commitment is not only to the numbers in the books, but to the people they serve."***

2025 YEAR IN REVIEW

We Audited

Supported by 110 *professionals and audit experts*

CONSOLIDATED FINANCIAL STATEMENTS FY 2024

- 1 State Financial Report Certified
- 100% Of Annual Audit Plan
- $120.6 M Appropriated Budget Audited

STATE GOVERNMENT

- 11 Key Service Ministries Audited
- 65% Of Annual Audit Plan
- $43.6 M Appropriated Budget Audited

LOCAL GOVERNMENT

- 10 Districts audited
- 83% Of Annual Audit Plan
- $10.5 M Appropriated Budget Audited

INDEPENDENT BODIES

- 8 Independent Bodies Audited
- 100% Of Annual Audit Plan
- $9.0 M Appropriated Budget Audited

We Delivered

Global Benchmarking
100%
Executed SAI PMF Self-Assessment & Comprehensive External Institutional Review

Audit Innovation
1ST
Establishment of the Performance Audit Unit (PAU).

Responsive Oversight
6
High-impact Special Audits & Inquiries delivered.

We Invested

Leading by Example
1 Certified Fraud Examiner (CFE)
Achieved by the Auditor General

Global Standard
6 Staff
Enrolled in IDI PESA (Financial, Compliance & Performance)

Specialized Assurance
9 Staff
Pursuing Forensic (5 CFE), Internal Audit (3 CIA) & (1 CPA)

Future Leadership
5 Staff
Awarded International Master's Scholarships

Technical Foundation
22 Staff
Fully sponsored for ACCA/CAT Accounting Qualifications

THE ARCHITECTURE OF TRANSFORMATION AND STRATEGY

In 2025, OAG Puntland adopted a scientifically rigorous approach to reform. Internal Self-Assessment with External Validation was harmonized to create a flawless roadmap for the future:

SAI PMF SELF-ASSESSMENT

(The Roadmap to Professional Maturity)

Guided by the INTOSAI framework, our internal taskforce utilized the Supreme Audit Institutions Performance Measurement Framework (SAI-PMF) to scrutinize our methodologies against international best practices.

Holistic Performance Assessment (Process)
Evaluating our entire operational machinery against global best practices.

INTOSAI Alignment (Standards)
Ensuring compliance with the International Framework of Professional Pronouncements (IFPP).

Independence & Ethics (Ethics/Pill)
Strengthening our legal mandate and ethical foundations for unbiased oversight.

Strategic Baseline (Wisdom)
Using evidence-based gaps to architect our future roadmap

SUPPORTED BY

THE EXTERNAL INSTITUTIONAL REVIEW

(The Blueprint for Infrastructure & Growth)

We commissioned an independent expert analysis to assess our physical and financial needs. This review delivered a fully costed Investment Blueprint.

Infrastructure Development
Constructing a purpose-built Headquarters and secure archiving facilities to house a modern SAI.

Digital Transformation (ICT)
Acquiring an Audit Management System (AMS) and modern hardware to transition to paperless operations.

Operational Mobility
Enhancing logistics to extend audit coverage to remote districts and local governments.

Resource Mobilization Strategy
A validated framework to secure and allocate resources ensuring sustainable institutional growth.

FUNDED BY THE WORLD BANK

INTEGRATING DIAGNOSTICS INTO ACTION

STRATEGIC PLAN (2026–2030)

By harmonizing the qualitative insights of the SAI PMF with the quantitative investment needs from the Grant Thornton assessment, we have developed a data-driven Strategic Plan that is realistic, fundable, and impactful.

80% **Strategic Plan Draft Completed.**

100% **Gap Analysis Verified**

STAKEHOLDER ENGAGEMENT & PUBLIC OUTREACH

250+
Citizens & Students Engaged

"We are not here to criticize, but to co-create a system of governance that works for the people."

- AG, June 2025 Townhall

Public Outreach

Accountability is a conversation, not just a report. In 2025, the Auditor General actively participated in public forums, including the high-profile 'Townhall' with government leaders in Garowe, directly engaging with citizens and CSOs. Our goal: to listen to public concerns, explain our oversight role, and build public trust in the systems of government.

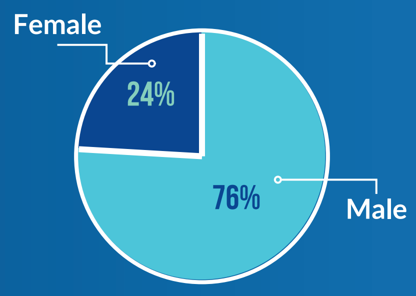
Inspiring the Next Generation

As part of our commitment to capacity building, the OAG launched a mentorship program with East Africa University, Garowe Campus. The Auditor General delivered hands-on masterclasses on modern 'Assurance' and the principles of forensic auditing to graduating students, inspiring the next generation of public sector professionals. We see this as an investment in a future where ethical auditing is the norm, not the exception.

INVESTING IN EXCELLENCE: OUR HUMAN CAPITAL

110 Dedicated Professionals Safeguarding Public Interest

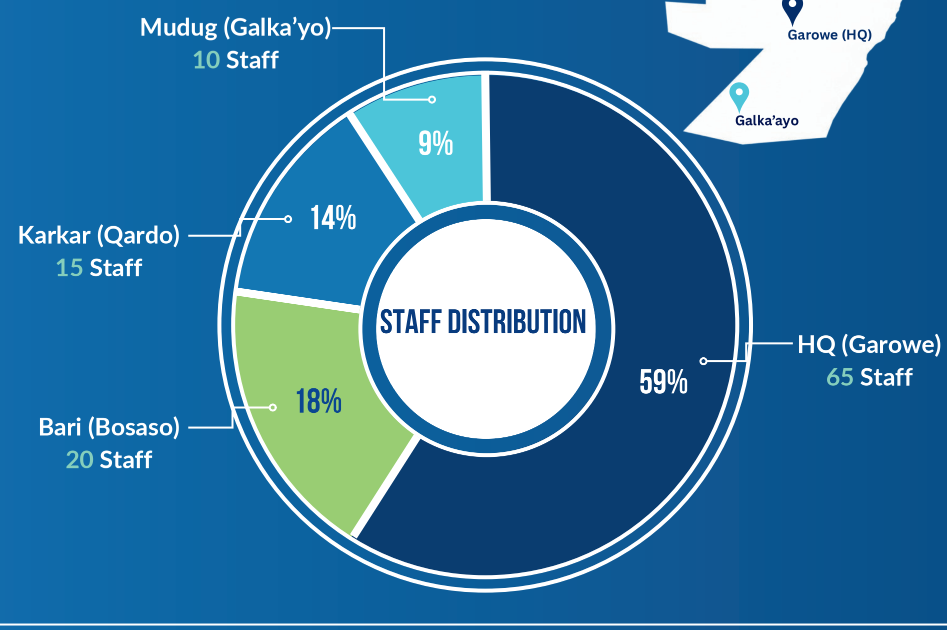
24% Female Representation.
Promoting inclusivity and equal opportunity in our workforce.



STRATEGIC STAFF ALLOCATION
A Dedicated Audit Workforce

61 (55%) Of our 110 professionals, are dedicated auditors actively conducting fieldwork and analysis

National Presence & Decentralized Oversight



Leading by Example	Global Standard	Specialized Assurance	Future Leadership	Technical Foundation
The Auditor General became a Certified Fraud Examiner (CFE), reinforcing the culture of continuous learning	**6** Enrolled in IDI PESA Global Standards Program	**9** Pursuing Specialized Certifications (CFE/CIA/CPA)	**5** Staff on International Master's Scholarships	**22** Sponsored for ACCA/CAT Foundation Qualifications

> *"Our most valuable asset is our people. By investing in our auditors today, we are securing credible and impactful public oversight for Puntland's tomorrow"*

AUDIT EXECUTION I
CONSOLIDATED FY-2024 ANNUAL FINANCIAL STATEMENTS

SCAN THE QR CODE TO READ OUR FINANCIAL AUDIT REPORTS

SUMMARY AUDIT FINDINGS DASHBOARD

1. BUDGET CREDIBILITY & CONTROL FRAMEWORK

THE KEY ISSUE

Significant deviation between approved budget lines and actual execution. We identified unapproved reallocation of funds, expenditure heads mismatching with approved mandates, and budget estimations not driven by historical data or actual needs.

STRATEGIC RECOMMENDATION:

Strict enforcement of **PFM Regulations (Article 22)**. Expenditures must strictly align with approved budget lines. The Ministry of Finance should block any reallocation that does not follow the formal requisition process and ensure validation of documents before fund release.

2. REVENUE ASSURANCE & CASH MANAGEMENT

THE KEY ISSUE

High exposure to revenue leakage due to manual receipting processes (e.g., cancelled receipts) and delays in banking cash collections (>24 hours). Additionally, the PFMIS system indicates significant "Unassigned" revenue figures that do not reconcile with bank statements.

STRATEGIC RECOMMENDATION:

Transition to **100% Digital Receipting** and eliminate manual cash handling by enforcing electronic transfers/mobile banking. Establish a mandatory monthly reconciliation process between PFMIS data and actual bank statements to eliminate "Unassigned" discrepancies.

3. EXPENDITURE INTEGRITY & PROCUREMENT COMPLIANCE

THE KEY ISSUE

Expenditures processed without complete supporting documentation and instances of Single-Source Procurement for major infrastructure projects, bypassing competitive bidding. Furthermore, payments often lack statutory tax deductions (Withholding Tax).

STRATEGIC RECOMMENDATION:

Implement a strict "**No Support, No Payment**" control policy. All government contracts, especially infrastructure, must undergo open competitive bidding. Tax deductions must be automated at the point of payment to ensure compliance.

4. GOVERNMENT ASSETS & LIABILITIES

THE KEY ISSUE

The Government Financial Statements are incomplete due to the absence of a comprehensive Fixed Asset Register and full recording of government liabilities (debts). Currently, debt recording is limited largely to construction arrears.

STRATEGIC RECOMMENDATION:

Conduct a state-wide **Asset Verification & Valuation** exercise to populate the Fixed Asset Register in compliance with Article 40 of the Financial Administration Act. Simultaneously, establish a centralized Debt Management Registry to capture all state liabilities.

Key Risk: Persistent use of manual processes undermines the integrity of the Public Financial Management system.

AUDIT EXECUTION II
CONSOLIDATED FY-2024 COMPLIANCE AUDIT REPORT

AUDIT UNIVERSE & EXECUTION STRATEGY

METHODOLOGY & ASSURANCE FRAMEWORK

THE GOVERNING STANDARDS

OUR AUDIT PROCEDURES WERE RIGOROUSLY ALIGNED WITH GLOBAL BEST PRACTICES:

- **ISSAI 100 (Fundamental Principles of Public Sector Auditing):** Ensuring absolute independence, ethics, and quality control throughout the engagement.
- **ISSAI 400 & 4000 (Compliance Auditing):** Assessing adherence to the Financial Regulation and Procedures (1961), Procurement Law, and Civil Service Regulations.

EVIDENCE GATHERING APPROACH

WE MOVED BEYOND DOCUMENT REVIEW TO TRIANGULATE EVIDENCE USING A THREE-PRONGED APPROACH:

- **Document Verification:** Scrutinizing 2024 vouchers, contracts, and HR files.
- **Physical Inspection:** On-site verification of assets, construction projects, and delivered goods.
- **Third-Party Confirmation:** Validating transactions directly with vendors and banks to detect discrepancies.

SCOPE OF ASSURANCE

- **Period Covered:** 1st January – 31st December 2024
- **Entities:** 19 Key Institutions (Security, Economic, Social, & Admin Sectors).
- **Objective:** To confirm if activities, financial transactions, and information complied, in all material respects, with the authorities that govern them

INSTITUTIONALIZING EXCELLENCE:
BUILDING A PERFORMANCE AUDIT FRAMEWORK

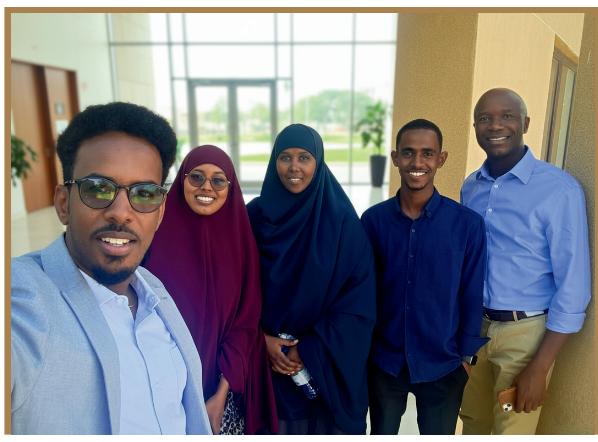
A Foundation of Standards & Structure

Drafted and Ratified Performance Audit Policy & Charter
This established the mandate, functions, and independent structure of the Performance Audit Unit

Customized the AFROSAI-E Manual & Working Papers
Our team adapted the global standard, tailoring it to our local context to ensure relevance and quality

Launched Inaugural Pilot Audits
Initiated audits in critical service sectors, Water & Education, to build practical experience and deliver early results

The Driving Force: Our Performance Audit Team



"Our team is built on a foundation of diverse skills and a unified commitment to creating citizen-centric impact. We lead with professional curiosity and a passion for turning findings into solutions"

—The Performance Audit Team Lead

THE STRATEGIC PIVOT TO VALUE-FOR-MONEY AUDITING

MOVING BEYOND FINANCIALA AND COMPLIANCE: FROM COUNTING MONEY TO COUNTING RESULTS

2025 marked a historic shift for OAG Puntland: the operationalization of our first Performance Audit Unit (PAU). We have moved beyond the traditional question of "*Was the money spent correctly?*" to ask a more fundamental question: "***Did the spending achieve its intended result and deliver value to our citizens?***"

ECONOMY
Ensuring the lowest cost without compromising quality

EFFICIENCY
Maximizing output from the resources used

EFFECTIVENESS
Assessing if the project actually met its goals (The outcome)

A diverse, professional team led by Director **Fardowsa Said Farah**, driving the SAI's new agenda on performance and inclusive service delivery

SUMMARY AUDIT FINDINGS DASHBOARD

1. REVENUE ASSURANCE GAPS (Income & Tax)

The Issue:
We identified widespread revenue leakages, including uncollected Withholding Taxes, unaccounted business license fees, and agencies collecting off-budget revenue (Dakhli Hoosaad) without legal basis.

The Risk:
Erosion of the State's fiscal base, loss of public funds due to cash handling, and incomplete financial reporting.

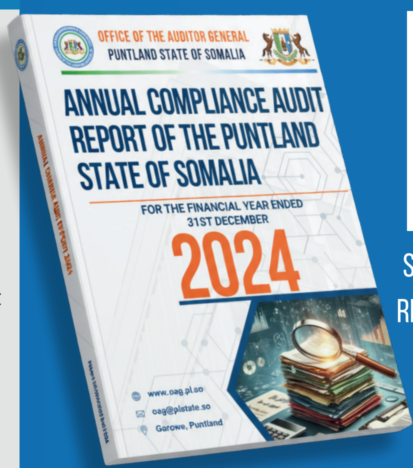
The Strategic Recommendation:
Enforce a Digital-First Revenue Collection Policy. Integrate all collections into the PFMIS and strictly prohibit cash handling by mandating bank/mobile transfers within 24 hours.

2. PROCUREMENT & EXPENDITURE COMPLIANCE

The Issue:
Widespread use of Single-Source Procurement for construction and goods, bypassing competitive tendering laws. Many payments lacked complete supporting documentation (Invoices/Delivery Notes).

The Risk:
Reduced value for money, lack of transparency in contract awards, and potential for misappropriation of funds.

The Strategic Recommendation:
Abolish ad-hoc procurement practices. All contracts above $5,000 must undergo Open Competitive Bidding in line with Public Procurement Laws. Implement a hard "No Document, No Payment" control at the Treasury.



SCAN THE QR CODE TO READ OUR COMPLIANCE AUDIT REPORTS

3. RESOURCE MANAGEMENT (Assets & HR)

The Issue:
The Government lacks a consolidated Fixed Asset Register, leading to unaccounted vehicles (21 confirmed missing). HR audits revealed recruitment outside the Civil Service Commission mandate and missing personnel files.

The Risk:
Asset theft, inability to track government wealth, and an inflated, unverified public sector wage bill (Ghost Workers).

The Strategic Recommendation:
Conduct an immediate State-Wide Asset Verification & Coding Exercise. Centralize all recruitment and payroll controls under the Civil Service Commission to ensure meritocracy and accuracy.

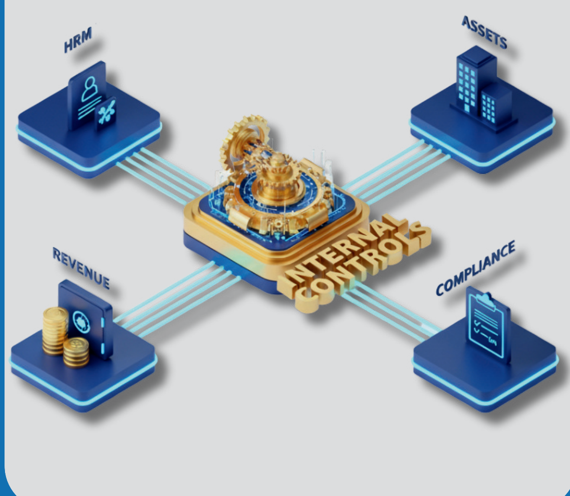
4. INTERNAL CONTROL ENVIRONMENT

The Issue:
Systemic absence or weakness of Internal Audit Units within Ministries. Where units exist, they lack the independence and capacity to provide assurance to management.

The Risk:
Governance failure at the operational level; errors and fraud go undetected until external audit intervention.

The Strategic Recommendation:
Empower Internal Audit Units through a new Internal Audit Charter that guarantees independence. Mandate professional certification (CIA/CFE) for internal auditors to strengthen the "First Line of Defense."

THE GOVERNANCE ECOSYSTEM



AUDIT EXECUTION III

AUDIT OF LOCAL GOVERNMENTS FOR FY-2024

DEVOLVING OVERSIGHT: REACHING THE GRASSROOTS

83% EXECUTION RATE

10 out of 12 Targeted Districts Audited in 2025

Local Governments are the frontline of public service delivery. In 2025, OAG Puntland prioritized bringing oversight closer to the citizen. Despite logistical challenges in remote regions, our teams successfully audited 10 Districts, focusing on revenue collection, asset management, and service delivery expenditure.

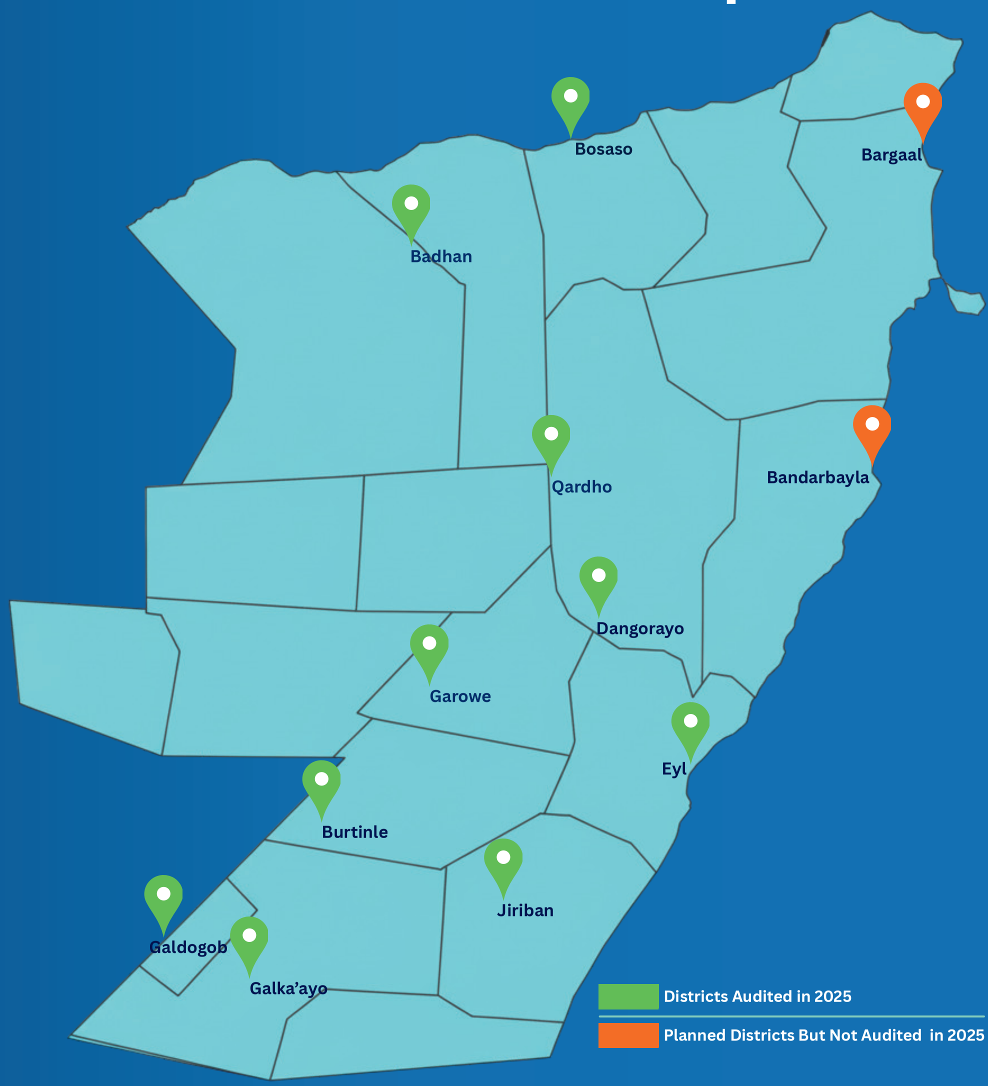
Districts Audited in 2025

- Garowe
- Bosaso
- Galkacyo
- Badhan
- Qardho
- Burtinle
- Dangorayo
- Goldogob
- Eyl
- Jiriban

Planned Districts (Pending)

- Bandarbayla
- Baargaal

Execution Map



SPECIAL AUDITS – RAPID RESPONSE FOR PUBLIC INTEREST

- An urgent verification audit to safeguard the integrity of National Statistics and uphold the Rule of Law in data contracts.
- An advisory review to streamline and automate fisheries revenue sharing, designed to unlock sustainable income from marine resources.
- A critical verification audit that provided an impartial basis for resolving municipal arrears, restoring fiscal stability for the city.
- A real-time performance review to ensure operational efficiency and accountability in Puntland's primary trade gateway.
- An ad-hoc inquiry into fisheries revenue recognition practices.
- A responsive review to guarantee probity and effective execution of grassroots development projects.

The Auditor General's Commitment to Agility:

> *"Our special audits demonstrate a new chapter in Puntland's public sector auditing. We are no longer a static institution that only plans annually; we are now an Agile Partner to government, ready to respond to urgent risks and support decision-making in real-time."*