



PDRC | PUNTLAND
DEVELOPMENT &
RESEARCH CENTER

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PDRC Citizen Forum

The Role of the Auditor General in Fighting Corruption

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Background:

Public accountability is growing in popularity as a governing model for the delivery of public services efficiently and effectively. It's the obligation of the government, its agencies and public officials to provide information about their decisions and actions and to justify them to the public and to those institutions of accountability tasked with providing oversight.

Despite the numerous efforts which have borne fruit, such as the establishment of law and order as well as esuing reliable security sector, there are challenges and opportunities to improve the quality and efficiency of government institutions to deliver the essential public services. PDRC in persue of the prevalence of good governance and promotion of democratic values had identified the arranging of public forums as a means of bringing the government closer to the people. In these forums the authorities and different levels meet with their public merely to increase public participation in decision making and to ensure credible accountability on the part of the government.

The increase of transparency and openness and the service orientation of public organizations have challenged the traditional values of discretion and equality which were the norms.

On July 4th, 2024, Puntland Development and Research Center (PDRC) hosted a citizens forum titled "The Role of the Auditor General in Fighting Corruption". The keynote speaker was the chairman of the Office of the Auditor General of Puntland, Mr. Osman Mohamud Ali. The main objective of the forum was to create an open platform for dialogue between the government and the public to promote accountability and transparency in public service delivery, as well as to increase community involvement in eliminating corrupt practices.

The event was attended by a large public, government ministries, parliamentarians, civil servants, and civil society representatives. On one hand, the timing of the forum was significant, as it coincided with the nomination of a new Auditor General who was set to introduce new initiatives to improve the auditing system and on the other hand to strengthen accountability and transparency in the use of public resources.

Opening remarks:

The forum was opened by Ali Farah Ali, the Executive Director of the Puntland Development and Research Center (PDRC). In his welcome remarks, Mr. Ali emphasized that PDRC serves as a neutral space for promoting accountability, transparency and good governance, with the aim of bridging the gap between citizens and their authorities.

key public platforms; namely PDRCTalks and PDRC Citizens Forum. PDRC Talks is an interactive platform in which prominent Somali scholars, veteran politicians and/or retired civil servants are hosted quarterly to serve as guest speakers and to deliver an expert presentation at a uniquely themed talk-event at PDRC, whereas, PDRC Citizens Forum, provides an opportunity for high-level government officials and citizens to engage in specific topics of public interest that are crucial for enhancing accountability and good governance practices.



PDRC Director - Opening Remarks

The Executive Director acknowledged that the audit practices during the previous Somali republic were perceived as aggressive and sophisticated in terms of procedure and prosecution. This adversarial approach has left a lingering sense of fear and trepidation among the Somali people towards the audit function. However, the Executive Director emphasized that the audit process is not something to be feared, but rather a crucial mechanism to verify the accuracy of how public funds have been managed and to recommend remedial measures to address any misuse of resources.

Underscoring the pivotal role of auditing in good governance and anti-corruption efforts, particularly in Puntland and Somalia, Mr. Ali highlighted PDCRC's own experience in managing audits for its donor-funded programs through reputable firms such as KPMG and Deloitte.

In closing, Mr. Ali set the stage for a constructive dialogue, inviting the participants to engage the panel on the topic of discussion, and then introduced the Auditor General to deliver the keynote speech.

Auditor General's Keynote Speech:

The Auditor General (AG) expressed appreciation for the PDCRC's efforts for promoting accountability and facilitating dialogue between the government and its citizens. The AG stated that the current Puntland government has prioritized transparency and accountability as fundamental good governance principles.



The Auditor General emphasized that scrutinizing and accurately accounting for public funds and utilities are crucial aspects of public service. The Office of the Auditor General will act on behalf of the public to ensure that these principles are appropriately implemented in the administration of government resources. The office will produce impartial and independent audit reports on the handling of government resources.

The AG stressed that the office is open and committed to leveraging its mandate and powers to combat the scourge of corruption, continues to undermine good governance and impede the delivery of public services to the people of Puntland.

Understanding Audit and Audit Models:

The Auditor General then provided a definition of auditing, stating that it is a standard procedure primarily focused on the investigation, examination, and evaluation of objective evidence. Auditing is categorized into two types:

1. Internal audit - Carried out by a dedicated team within the public sector organization itself. It focuses on evaluating the effectiveness of the organization's internal controls, risk management, and governance processes. The internal audit function provides assurance and advisory services to help the organization achieve its objectives.

2. External audit - Conducted by an independent audit organization, often the Office of Auditor General or supreme audit institution. It provides an objective, third-party assessment of the public sector entity's financial statements, performance, and compliance with laws and regulations. The external auditor examines the organization's accounting records, internal controls, and overall financial management practices. The findings from external audits are reported to the legislative body, such as the parliament or Congress, and the general public.

The Auditor General explained that there are primary models for public sector auditing: a) the Westminster and the Francophone (Cour des Comptes) Models. The Westminster Model, also known as the "Auditor General" or "Supreme Audit Institution" model, is used in countries with a Westminster-style parliamentary system, such as the United Kingdom, Canada, Australia, and many Commonwealth nations. In this model, the national audit office or supreme audit institution is independent of the government and reports directly to the legislature, such as parliament or congress. The Auditor General or Comptroller General leads the national audit office and is responsible for conducting audits of government agencies, programs, and expenditures. The Auditor General's reports are then presented to the legislature, which holds the government accountable for its financial management and performance.

In contrast, the Francophone (Cour des Comptes) Model is predominantly found in countries with a Francophone legal tradition, such as France and many former French colonies. In this model, the Cour des Comptes (Court of Auditors) serves as the supreme audit institution, often organized as a judicial body. The Cour des Comptes has a quasi-judicial status and functions as a specialized court with the power to adjudicate on the accounts and financial management of public sector entities. The Cour des Comptes is independent from the executive branch and reports directly to the legislature or the head of state. This model emphasizes the legal and judicial aspects of public sector auditing, with a focus on ensuring the legality and regularity of financial transactions. The Cour des Comptes not only conducts financial audits but also has the authority to impose sanctions or fines on public officials for financial irregularities or mismanagement.

Auditing in Somalia/Puntland Context:

In Somalia, the Westminster audit model was primarily practiced after independence until 1969. After the military took over in 1972, law Lr. 34 was issued for auditing, which somewhat resembled the court of accounts auditing model. Under this law, auditors, police, and the judiciary courts worked closely together.

Those found guilty of theft or bribery were often severely punished, with some even receiving the death penalty. This law was later repealed.

In Puntland, the Office of the Auditor General was established in December 1998, with eleven audit members who were veteran auditors from the previous Militaristic Somali Republic. The Puntland Audit Act, Lr. 15, was issued in 2000, closely resembling Lr. 34 of the Somali Democratic Republic, which was in use until last December. However, due to the country's destruction and the weakening of governance, the law is currently not being practiced as intended. The Auditor General noted that there is an ongoing amendment process to modernize the Puntland Audit Act Lr. 15 and align it with the Westminster audit model. This revision is expected to be finalized before the end of the year.

In the Puntland Constitution, articles 109 and 110 grants the Auditor General broad authority to oversee the use of public funds and combat corruption. They are responsible for monitoring all government expenditures to ensure they align with the state budget. The Auditor General can investigate any public institutions or agencies that handle public resources to verify compliance with financial laws and procedures.

Furthermore, If the Auditor General's investigations uncover the improper use of public funds by civil servants, they have the power to impose appropriate fines. In cases where criminal activity is suspected, the Auditor General must refer the evidence to the Attorney General for potential prosecution. The Auditor General also has the authority to demand access to any documents deemed necessary for investigations into fraud or mismanagement of state property. Annually, the Auditor General must submit a report to the House of Representatives detailing the closing of the state's accounts for the previous year.

After all, the Puntland constitution empowers the Auditor General to issue instructions and procedures to regulate the execution of their wide-ranging responsibilities.

Office of the Auditor General (OAG): Curbing Corruption

The OAG is employing a multi-pronged approach to address the pervasive challenge of corruption in Puntland:

- **Awareness, Education, and Training:** The OAG will work with CSOs to provide forums like this, through education and training for government officials, civil servants, and the public on topics such as sound financial management, transparency, and accountability. This will help promote integrity and minimize opportunities for corruption.
- **Intensified Forensic Audits:** The OAG is prioritizing forensic audits of high-risk projects and programs susceptible to misappropriation of funds or other corrupt practices. These specialized audits enable the uncovering of irregularities and the building of robust cases against perpetrators.
- **Zero Tolerance for Embezzlement and Theft:** The OAG maintains a firm stance of zero tolerance towards the embezzlement or theft of public funds. It is committed to rigorously investigating such instances and working with the justice system to hold offenders accountable.
- **Leveraging the Legal System:** Where audits uncover evidence of fraud, corruption, or financial improprieties, the OAG will pursue legal action in collaboration with relevant authorities to build and execute fraud cases, sending a clear message that corruption will not be tolerated.

Citizen Participation: the support and participation of Puntland's citizens are crucial to its anti-corruption efforts. The public is called upon to:

- Refuse to pay bribes for public services
- Report extortion and corruption cases to the OAG or relevant authorities
- Gather and provide evidence to strengthen investigations.

Commentary Remarks

Dahir Khalif, the Executive Director of the Puntland Non-State Actors Association (PUNSAA):

PUNSAA as the lead network for Civil Society Organizations (CSOs), believes that the most crucial aspect in combating corruption is to increase citizen awareness and understand their role in holding the government accountable. In recent years, CSOs have been working towards this goal by facilitating citizen and local council forums for newly elected councils.

Additionally, CSOs have been focused on strengthening civil servants' capacity to operate more transparently. We will also stand ready to provide legal support for citizens who have been victims of fraud and corruption and to protect those who report cases of corruption.



Questions and Answers (Q&S): Forum Participants

Question: Based on the historical context you've provided, it seems the Auditor General's office did not always operate with the level of independence necessary to effectively combat corruption and fraud. Can you please clarify if your office will take a different approach in this regard? Additionally, the Auditor General's office and other senior government entities have not been known for their transparency and openness to the media. Will your office adopt a more accessible and communicative stance with the press?

Answer: I understand the concerns you've raised about the previous limitations in the Office, I can assure you that my office will have a constitutionally-enshrined independence that allows me to objectively access all necessary information to support my assessments and reporting. This independence will be a core tenet of my work in combating corruption and fraud. Furthermore, in contrast to the past practices, my office will maintain an open and accessible approach to the media. The press will be welcome to visit my office regularly, and I am committed to proactively engaging with them to ensure transparency and accountability. Providing the public with information about my work is a top priority.

Question: According to the Auditor General's presentation to parliament in June 2022, several key government offices, including the Office of the President, Parliament, Ministry of Finance, Ministry of Security, central Bank and Judicial offices, were not subject to auditing. These unaudited entities are estimated to manage approximately 56% of the total government budget, meaning that more than half of public funds were not undergoing independent oversight. Can you please explain the rationale behind excluding these critical offices from the auditing process, and are there plans to ensure comprehensive auditing coverage across all government entities, including these high-risk areas?

Answer: I understand the concerns raised about the lack of auditing coverage for such a significant portion of the government's budget. I assure you that improving audit coverage across all government entities, including those that were previously excluded, is a top priority for my office. Although I don't have full insight into the historical reasons for the limited auditing of these high-profile offices, moving forward, I can commit to taking a more proactive and comprehensive approach. My office will work to establish robust audit plans to ensure that government entities, regardless of their sensitivity or prominence, are subject to independent scrutiny.

Question: The salary scale of Puntland government staff is very low, and some of them manage sensitive financial offices, which are susceptible to fraud and corruption. Previously, during the Somali Republic era, the government provided various incentives, such as bonuses, housing, and other benefits, to those handling financial offices. How can we eliminate corruption in the face of such low salary scales, where staff sometimes do not even receive their full salaries on time?

Answer: I acknowledge that the issue of low civil service salaries is complex and it was better be addressed to the Ministry of Finance. However, as the OAG, it's important to recognize our financial realities. We are not alone in this challenge - even our neighboring country, Ethiopia, is one of the lowest civil service salary scales but has managed to maintain limited corruption practices. This suggests that while salaries are a factor, there are other critical elements at play, such as fostering a strong sense of ownership and ethical norms within the public sector.

Question: The OAG has been operational for a long time, but there have been no visible prosecutions or imprisonments of officials found guilty of corruption or theft. The question is, what actions will the OAG take to address this issue?

Answer: The OAG does not have the legal authority to imprison individuals, its role is to follow the procedures outlined in the Audit Act when investigating cases of corruption. The OAG's office refers these cases to the proper prosecutorial authorities to bring the accused officials to court for judgment. Although many corruption cases have been submitted to the courts in Puntland, it's uncertain where they end up. However, I assure you that during my tenure, we will strictly adhere to the established process - where the Auditor General's office identifies potential fraud or corruption and then refers those cases to the courts for prosecution.



Question: As we know, the Office of the OAG primarily conducts audits of government offices. What are your plans regarding the auditing of non-governmental organizations (NGOs) that manage public funds?

Answer: The OAG has the authority to ensure the accountability and assess the use of any funds that are channeled to Puntland, whether they are managed by governmental offices or non-governmental organizations. It is also our plan to investigate the management of public funds by NGOs in the near future. I also reassure you that my office will extend its auditing mandate to cover not just government entities but also any non-governmental organizations that receive and manage public funds. Ensuring accountability across all recipients of public resources is crucial to upholding the principles of good governance.



Question: According to our experience, the Office of the Auditor General has mostly conducted its activities in a politicized manner, targeting those individuals whom the government wanted to remove from office. Some of these individuals were later nominated for other roles without first receiving clearance from the outstanding audit processes, what are your plans on this matter?

Answer: Recognizing the concerns raised about past politicization, the OAG is committed to conducting its assessments and audits in an objective, non-partisan manner. We will not work to oppress or target any individuals. Instead, our focus will be on fulfilling our mandated duties impartially, without undue influence or political bias.



Question: Where can the public formally and anonymously communicate with the Office of the Auditor General? How can suspected cases of corruption be reported to the OAG? Will the office be publishing its audit reports more widely?

Answer: In the near future, the OAG will be developing an official website and establishing a dedicated communication channel, such as a hotline or secure online portal, where the public can contact us formally and anonymously. Suspected cases of fraud or corruption can be reported to our office through these formal and informal channels, supported by credible evidence. All information shared with the OAG will be treated with the utmost confidentiality. Additionally, we will be publishing our annual audit reports more widely, making them accessible to the public through our website and other appropriate channels.



Recommendations:

The Main recommendations for the forum were:

- **Enhance Public Awareness and Collaboration:** The forum recommended increasing public awareness of accountability and transparency through forums, dialogues, and training. To achieve this, civil society organizations (CSOs) and government offices should work together to jointly address these important issues.
- **Strengthen the Role of the Auditor General:** The forum suggested that the Auditor General should widely circulate their reports to the public and publicly prosecute those found to be involved in corrupt practices.
- **Improve OAG Professionalism:** The forum recommended conducting internal training and professional development for staff within the Office of the Auditor General (OAG) to ensure they perform their duties in accordance with international auditing standards.
- **Strengthen Government Internal Audit Units:** The forum advised for improvements to be made to government internal audit units by working closely with government offices to enhance the capacity and independence of internal auditors.
- **Encourage Public Participation:** The forum recommended providing appropriate channels for the public to share evidence-based information against corruption and fraud practices.

Closing Remarks:

In his closing remarks, the Minister of Fisheries and Marine Resources HE. Abdurizak Abdullahi (Xagaa) commended the forum for its openness and transparency. He proposed that the current revisions to the Puntland Audit Act should be customized to reflect our local context and community-level perspectives, aiming to address the issue of corruption.

The minister stressed that any information provided by the public to the audit department must be supported by evidence, as otherwise it will not be useful and will only consume time and resources. He emphasized the need to change the negative public perception of the auditing process, which is often viewed as a forceful and intimidating government mechanism. The minister expounded that the objective of auditing is to evaluate for the purpose of ensuring accountability and fostering improvement.

Acknowledging the economic constraints and security-sensitive environment, the Minister indicated that there are limited salary scales for government employees. However, he emphasized the importance of balancing employee rights with their responsibilities, and the need to strengthen the performance management system by evaluating staff contributions and outputs.

Finally, The Minister assured the attendees that the current government is fully committed to empowering the Office of the Auditor General, providing them with the opportunity to fully exercise their duties. He emphasized that all government branches are dedicated to collaborating and working with the audit transparently.



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