Cooperation Agreement

OAGS Peer-support Project
2025-2027

Office of the Auditor General of the Federal Republic of Somalia (OAGS),
African Organization for English-speaking Supreme Audit Institutions (AFROSAI-E), and
the INTOSAI Development Initiative (IDI)

Contents

1. Introduction

The Office of the Auditor General of the Federal Republic of Somalia (OAGS) plays a pivotal role in advancing transparency, accountability, and good governance in Somalia. As the supreme audit institution mandated to audit federal government entities and public-private partnerships, OAGS operates under a strategic framework aligned with its 2023-2027 Strategic Plan. The enactment of the new Audit Law in September 2023 has further strengthened OAGS's independence, empowering it to conduct audits in line with international standards and report directly to Parliament and the President. To fully realise these reforms and address immediate capacity needs, OAGS requires external support for the years 2025-2027.

The peer support project for the strategic plan implementation in 2023-2024 has established a solid foundation, necessitating ongoing support to ensure sustainability and the office's ability to meet their strategic plan objectives for 2023-2027. The upcoming three years (2025-2027) are crucial, as they will enable OAGS to assess whether the intended impacts of the strategic plan have been realised. Therefore, continuing support in this endeavour is critical to ensure the success of OAGS in meeting their expected results and to provide value and benefits to the citizens.

The overall objective of the cooperation is to contribute to the mission of OAGS: "To conduct and produce high-quality audit reports and recommendations to the parliament and president in order to enhance transparency and accountability of the Federal Government of Somalia for the benefit of Somali citizens."

Worldwide experiences of SAI capacity development show that peer-to-peer cooperation can both ensure highly qualified and relevant advice and ensure a trustful and sustainable relationship between SAI employees and advisors. The INTOSAI community, including AFROSAI-E and IDI, have resources and experiences in relevant areas of SAI development. On this background, OAGS, AFROSAI-E, and IDI have therefore agreed to develop this agreement

2. Objective and expected results

This agreement is a continuation of the previous cooperation agreement on providing ongoing support for the implementation of the Strategic Plan 2023-2027. The objective of the OAGS Peer support Project 2025–2027 is to "Enable OAGS to achieve its planned strategic outputs related to core audits and stakeholder engagement for the period 2025–2027". The key project outputs for the next phase of the project include delivery of annual financial and compliance audits, forensic audits and sharing of the audit results with key stakeholders. These outputs are aimed at achieving OAGS's strategic outcomes, particularly enhancing Parliament's active role in the follow-up and implementation of audit recommendations leading to positive change. This targeted focus aligns with OAGS's results-driven strategic plan 2023-2027, prioritising capacity development in areas essential to project outputs.

The result framework presented in Figure 1 below shows the prioritised outputs. The support to capacities critical for these outputs are classified as "high" effort in the project (see Appendix III). The project can also provide support to other strategic priorities of OAGS where peer support clearly adds value and there are resources available. Such areas are classified as "medium or low effort" in the planned areas of support. The categorization of level of effort is done considering OAGS priority for peer support, available peer resources and competencies, support of other partners and lessons learned from previous support and the latest project evaluation report. The project will also have a general role of advising OAGS in coordination and utilization of INTOSAI resources and material to various providers.

The result framework has been refined to enhance its ability to capture and assess progress effectively as well as accommodate the recommendations from the OAGS term-end review 2021-2025. The project result framework has been set at four levels and directly linked to the OAGS strategic plan 2023–2027.

Level 1 SAI outcome: The effects of SAI output on the stakeholder. It is a specific, tangible desired change in the SAI's public sector environment, which are linked to the strategic issues faced by the SAI, or to broader sectoral or national priorities on PFM or governance. This includes utilization of the audit results by stakeholders.

Level 2 SAI output: Key products of the SAI's work. This includes audit results and sharing of the audit report.

Level 3 SAI capacities: The "Goals and objectives" that are expected to lead to the SAI output. This includes organizational, professional and institutional attributes such as procedures, methodologies, skills, knowledge, structures, and ways of working that make the SAI effective both as an institution and as an organization.

Level 4 Project deliverables: These are indicators of the products and support mechanisms developed and provided by the peer-project. They are predominantly under the peer-providers' control.

It should be noted that the project mainly has control over results at level 4. However, the results at level 1, 2 and 3 are there as the ultimate results and essential for the focus and priorities of support

Figure 1 Result Framework 2025 – 2027

Key pre-conditions and assumptions for the results at all four levels include an active Public Finance Committee in the Somalia National Assembly using the audit reports and engaging in enabling a strong SAI. It is also crucial to have the executive with the will to act on audit findings and implement Public Financial Management reforms. A relatively stable Somalia is also essential to allow collection of audit evidence in key Ministries in Mogadishu and presence in the audit office by OAGS staff regularly. To allow the OAGS in achieving the result, there needs to be government support and commitment to increased capacity and a more independent OAGS and reasonable level of financial allocation to OAGS operations from the Government of Somalia. Details of these pre-conditions and assumptions are shown in Appendix II.

I. Results level 1: OAGS outcomes

Expected Results	Indicator Definition	Source	Baseline (year)	Target 2027
Parliament playing an active role in follow-up of audit recommendations	Whether a Committee of the Legislature examines the Audit Report on the annual budget within six months of its availability, and publish a report with findings and recommendations	International Budget Partnership Open Budget Survey: Question 118 (2023 version)	No, the committee did not examine the Audit Report on the annual budget (2023 OBS)	The committee examines the audit report within six months of it being released then publishes a report with its findings and recommendations
Improved implementation of audit recommendations	Whether the executive reports to the public on the steps it has taken to address audit recommendations made by SAI	International Budget Partnership Open Budget Survey: Question 101 (2023 version)	No, the executive did not report to the public on the steps it has taken to address audit recommendations made by SAI (2023 OBS)	The executive reports publicly on the steps it has taken to address audit finding

II. Results level 2: OAGS outputs

Expected Output	Indicator for whether the expected result is achieved	How to measure the indicator	Baseline (year)	Target 2025	Target 2026	Target 2027
I. High-quality financial audits delivered on time and for all MDAs	● Whether the annual consolidated financial audit report is submitted by the 30$^{th of}$ June deadline to Parliament	● Check the actual submission date	● Met (2024[1])	● Met	● Met	● Met
II. High-quality compliance audits delivered annually on major compliance challenges	● Percentage of MDAs in which a compliance audit is completed per year, as compared to the OAGS annual audit plan target of MDA entities to be covered	● Count the number of compliance audits completed as compared to the approved audit plan	● 100% (2024)	● 100 %	● 100 %	● 100 %

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[1] Source for the baseline is the OAGS Annual Performance Report 2024

Expected Output	Indicator for whether the expected result is achieved	How to measure the indicator	Baseline (year)	Target 2025	Target 2026	Target 2027
III.High-quality forensic audits delivered on main issues fraud, waste and abuse related to the use of public funds.	● Percentage of forensic audit reports completed and submitted for further action during the year as compared to the planned number of such audits ● Percentage of forensic audit quality review recommendations being implemented	● Count the number of forensic audits completed and submitted to the law enforcer as compared to the approved audit plan ● OAGS audit quality assurance report	● 100 % (2024) ● NA	● 100 % ● 100%	● 100 % ● 100%	● 100 % ● 100%
IV.OAGS audit results are shared widely in public and there is regular interaction with citizens to increase visibility and for selecting the right audits and controls	Whether all audit reports published are made available on the website and shared by OAGS in social media within 1 day of publication	Check website and social media	Yes (2024)	Yes	Yes	Yes
V.Regular and timely interaction with the Executive on the audit	Number of annual forums with MDAs completed during the year on the audit findings, recommendations, and	Count the number of annual forums with MDAs which have commenced	2 (2023)	3	3	3

Expected Output	Indicator for whether the expected result is achieved	How to measure the indicator	Baseline (year)	Target 2025	Target 2026	Target 2027
findings, recommendations, and emerging issues	emerging issues commenced					
VI. Regular and timely interaction with the Parliament on audit scrutiny and follow-up	Number of annual sensitization seminars are held by the OAGS for the Budget and Finance Committee commenced during the year	Count the number of annual sensitization seminars for the Budget and Finance Committee completed	1 (2023)	1	1	1

III.   Theory of change: The linkage between Results level 3: OAGS goals and objectives and results level 4: Project Deliverables

Based on the recommendations from the OAGS PSP term-end review report, the PSP should consider creating a project Theory of Change (ToC) tailored to the needs of the SAI. The table below outlines the types of project deliverables that will support the OAGS in achieving its targeted strategic objectives.

Results level 3					Result level 4		
OAGS goal and objective	Sub-objective	Performance Indicator	Baseline[2] (year)	Target (2026 – 2027)	No	Deliverables	Type of activities
Goal 1: Digitalized audit processes and new audit streams developed enabling relevant, timely and	3.1.1 Risk and materiality based overall audit planning and monitoring	SAI-7: Overall Audit Planning	3 (2025)	4	1.	On the job support to develop Annual Overall Audit Plan	Joint review workshop

On the job support |
| | | | | | 2. | On the job support in the processes of monitoring the annual audit plan, | |
| | 3.1.2   Timely production of high-quality financial audit reports by a | SAI-10: Financial Audit Process | 3 (2025) | Scores improved | 3. | On the job support for FA team facilitated by peers have been conducted | • On the job[3] support |

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[2] The baseline scores of SAI PMF indicators are based on self-assessment of the OAGS per 2025. The scores were updated by OAGS if they find some progress from the independent quality assurance report as of November 2024. External reviewer will be asked to assess the validity and reliability of the self assesment score

[3] On the job support covers various levels of activities. Some include a more dedicated support, while others are involved on a one-off basis. This variation is natural, as peers play different roles—sometimes acting as consultants who are consulted when needed, and other times being heavily involved in activities from initiation to completion such as in the audit process through a series of workshops/meetings.

Results level 3					Result level 4		
OAGS goal and objective	Sub-objective	Performance Indicator	Baseline[2] (year)	Target (2026 – 2027)	No	Deliverables	Type of activities
high-quality audits	dedicated financial audit function			over the period	4.	Selected staff have participated in the PESA certification program/other professionalization programs.	• Training/workshop • Certification program
					5.	Workshop/training on specific topics on FAM has been conducted.	
	3.1.3 A compliance audit function able to provide timely and high-quality audit of a wide range of compliance subject matters	SAI-16: Compliance Audit Process	3 (2025)	4	6.	On the job support for CA facilitated by peers have been conducted	• On the job support • Training/workshop • Certification program
					7.	Selected staff have been participated in the PESA program/other professionalization programs	
					8.	Workshop/training on specific topics CAM has been conducted.	

Results level 3					Result level 4		
OAGS goal and objective	Sub-objective	Performance Indicator	Baseline[2] (year)	Target (2026 – 2027)	No	Deliverables	Type of activities
	3.1.5 A strong specialized forensic audit function	OAGS Forensic Audit Manual Approved by AG	Not yet approved (2025)	Forensic	9.	On the job support for Forensic audit facilitated by peers have been conducted	● On the job support ● Certification program ● Procurement of goods/servic es
		Number of OAGS staff received a forensic audit professional certification	1 (2025)	At least 2 staff have forensic audit certificatio n	10.	Selected staff have participated in the Forensic Audit certification programs	
					11.	OAGS obtained the necessary skills and tools to assist with Forensic audit process.	
	3.1.9. Independent quality assurance conducted annually for selected audits contributing to active learning and improvement	Number of independent QA reports submitted to the AG	1(2025)	At least 2 QA reports submitted annually	12.	On the job support for quality assurance facilitated by peers have been conducted	On the job support
Goal 2: Internal governance, leadership and	3.2.1 Strong overall performance and change management	SAI-6 Leadership and	3 (2025)	Scores improved	13.	An internal recruitment process aligned with Somalia's civil service employment procedures for	● Funding support

Results level 3					Result level 4		
OAGS goal and objective	Sub-objective	Performance Indicator	Baseline[2] (year)	Target (2026 – 2027)	No	Deliverables	Type of activities
ethics enabling OAGS efficiency and effectiveness	3.2.2 OAGS wide quality management and internal control framework established 3.2.3 Strengthened integrity internally	internal communication		over the period		AG assistant has been completed. Salary support for the AG Assistant position has been fully provided (up to June 2026)	● Workshop
					14.	Workshop for senior management based on needs and on the topic relevant to OAGS have been conducted	
		SAI-3: Strategic Planning Cycle	3 (2025)	4	15.	On the job support on operational plan process and contents, quarterly monitoring, and annual performance report have been conducted	On the job support
					16.	On the job support on the midterm review process of SP 2025 – 2027 have been conducted	

Results level 3					Result level 4		
OAGS goal and objective	Sub-objective	Performance Indicator	Baseline[2] (year)	Target (2026 – 2027)	No	Deliverables	Type of activities
					17.	On the job support on developing new OAGS Strategic Plan have been conducted	On the job support
		SAI-4: Organizational Control Environment	2 (2025)	4	18.	On the job support on developing tools and processes for monitoring the implementation of audit recommendations facilitated by peers has been conducted	On the job support
					19.	On the job support on adopting and implementing ISSAI 140 facilitated by peers has been conducted	On the job support
					20.	On the job support to internal audit facilitated by peers has been conducted	On the job support
Goal 3: Proactive engagement and trustful collaboration	3.3.1 Support to Parliament capacity to scrutinize audit reports	SAI-25: Communication with the Media, Citizens and	2 (2025)	4	21.	On the job support on developing the English Somali glossary audit terminology facilitated by peers has been conducted	On the job support

Results level 3					Result level 4		
OAGS goal and objective	Sub-objective	Performance Indicator	Baseline[2] (year)	Target (2026 – 2027)	No	Deliverables	Type of activities
with key stakeholders	3.3.2 Active and supportive stakeholder relations 3.3.3 Continuous improvement of OAGS report format and sharing channels	Civil Society Organizations			22.	A seminar/workshop with the media on audit report and the mandate of OAGS	Workshop/seminar
		SAI-24 Communication with the Legislature, Executive and Judiciary	3 (2025)	Scores maintained over the period	23.	On the job support on developing and organizing an impactful engagement with the BFC facilitated by peers has been conducted	On the job support Workshop/seminar
					24.	On the job support on developing and organizing an impactful engagement with the executives facilitated by peers has been conducted	
Goal 6: Independence, sufficient resourcing and effective capacity development	3.6.1 Secure independence and implement the new Audit Act	SAI-1 Independence of the SAI	2 (2025)	3	25.	On the job support on developing and organizing an impactful engagement with key stakeholders and the wider public on the audit act facilitated by peers has been conducted	On the job support Advocacy mechanism

Results level 3					Result level 4		
OAGS goal and objective	Sub-objective	Performance Indicator	Baseline[2] (year)	Target (2026 – 2027)	No	Deliverables	Type of activities
support to OAGS secured							
Project management					26.	Wide participation of SAI staff. At least 50 SAI staff taking part in project funded training (minimum 1 full day activity)	Annual survey
					27.	The number of women in professional positions (auditors/sub-auditors) participation in project activities. Minimum of 35% female participated in the project activities coming from professional positions	Annual survey
					28.	Quality and relevant support. Average SAI staff satisfaction and perceived project quality is 4	Annual survey

3. Principles for project design and provision of peer-support

The following principles are assumed to be important for effective peer-support to OAGS:

1. The peers engaged need to have a strong professional record as well as communication skills and be able to customize their advice and training to the OAGS and its context.
2. Flexible and active peer support This means the peer-partners shall be self-driven and flexible in terms of the SAI priorities for support and with facilitation of project coordination team for better engagements. Plans will be adjusted if required, reflecting commitment to continuous learning in partnerships and the evolving conditions facing the SAI. Still, it must be clear that agreements and plans should be used actively during implementation.
3. Active coordination with other providers of support to avoid conflictual advice and uncoordinated approach of Long-term advisors (LTA)s, peers, and SAI partner contributing under different agreements.
4. Tailor-made use of peer-material and guidance, incl. customization of manuals and regional training to ensure actual use over time by all staff in OAGS
5. Effective communication between the peers and the project coordination team to enable sufficient context understanding, trust-building and relevant advises and training.
6. Peer-teams commit and design the activities to achieve the expected key outputs. Relevant regional workshops and events, including technical update and Monitoring, Evaluation, Reporting & Learning for OAGS participation without a tailor-made approach is possible but needs to be ensured to contribute to the expected key outputs and coordinated with other peer support.

4. Division of roles between the parties

There are three main partners in the project. OAGS is the main part responsible for execution of activities. IDI is primarily responsible for the funds and coordination of peer-support. Both IDI and AFROSAI-E will be providers of technical support in the established peer-teams. AFROSAI-E will have a special role in coordinating the support activities with regional events and material. Some selected SAIs partner will be contributing to the project as they will be asked to provide advisors in-kind. Some SAIs will also work collaboratively with the project under bilateral agreements between the SAI and OAGS.

The OAGS will be in the driving seat in the implementation of activities and have the following key responsibilities:

- Lead the Steering Committee and the Project coordination team
- Integrate the project-related activities with the rest of the plans for the office, and ensure plans are linked to the OAGS's Strategic Plan for enhancing sustainability
- Ensure the availability of adequate staff and their continuity in the areas covered through the project
- Develop and approve ToRs and reports for main project supported trainings and processes
- Actively monitor and follow-up on the execution of activities, milestones and expected outputs in the project through its internal governance and management systems, as well as through the project steering and management mechanisms
- Invite IDI and AFROSAI-E for annual meetings in due time, and include also other partners of OAGS in an annual meeting
- Share relevant plans, reports and agreements with other development partners
- Ensure good coordination under the OAGS ecosystem of support between the peer support project, consultants and other partners of OAGS

The IDI will be the lead peer partner and have the following key responsibilities:

- Mobilize, provide and coordinate peers and resource persons – maintain a dialogue with the SAIs providing in-kind support and those with bilateral agreements.
- Grant management, including financial management, quality control and reporting to financial donors for funds provided to IDI.

AFROSAI-E will play the role to ensure that the support provided is in alignment with the regional approach and guidelines when applicable. They also provide technical support through representatives in peer-teams and various AFROSAI-E events and training.

Some selected SAIs will be invited to contribute with experienced and competent advisors relevant for the project support areas. Additionally, development partners, private firms and SAIs are

expected to have bilateral agreements with OAGS and be coordinated through the "OAGS ecosystem". OAGS may seek advice from IDI in coordinating the support from different parties to ensure synergies Appendix IV presents a tentative framework for the role of the different partners.

5. Project governance, management and coordination

The overall principles and approach to project governance is presented in the Steering committee where each of the three partners are represented. The committee is led by the Auditor General of OAGS. It shall meet at least one time per year to approve the annual report and plans for the project. Monitoring of the project is done as a part of the annual reporting and meeting. The steering committee can also meet ad-hoc to discuss the support project and be consulted on arising issues. The steering committee has committed to follow the principles and procedures of the Project Steering Committee as detailed in Appendix V.

To ensure smooth implementation of activities in the project, a joint project coordination team will be established. Each partner will have dedicated staff for this team. The team will meet regularly, and its responsibilities include:

- monitoring and supporting the implementation of the project.
- prepare and share Steering Committee Quarterly Report
- handling issues specifically related to the project that cannot be handled in the ordinary SAI structures
- provide all the necessary support to facilitate meetings and workshops, both online and physical
- prepare implementation plans and adjust them when necessary
- compile and share good stories from the project activities for all involved and external stakeholders
- lead in developing the annual project plans
- prepare the annual report and any other report requested by the Steering Committee, partners, or donors

Peer teams will be established to be responsible for the technical support in different areas. Each peer team will primarily engage and cooperate with the responsible directors and its subsequent heads for the department where support is provided, in close coordination with the project coordination team This is to ensure all support is integrated into the SAI structures and avoid parallel structures or confusion of roles and responsibilities. The following is expected from each peer team:

- Deliver the support in a close dialogue with an allocated Directorate in the SAI responsible for the areas in which the peer team provides support, and any consultant or other partner providing support in the same area
- Ensure a ToR is set for main project activities, ensuring anchoring of all project activities with the SAI leadership and the Project coordination team
- Ensure a report is written in close cooperation with the SAI participants of all main project activities.

OAGS will also ensure regular coordination meetings with other partners involved in support to the SAI. The partners and OAGS should seek to ensure that much of the external support is done integrated and not at the expense of core activities (as ongoing audits) and linked to the SAI's own management system (strategic priorities, operational plan, internal reports, and SAI performance report).

For the annual project reporting, the OAGS performance report will be used as the starting point. Then for the project, the indicators of the result framework will be supplemented by a qualitative assessment of the link between project inputs, OAGS progress of goals and objectives, and any OAGS outcomes and impact observed. In this assessment, it will then be considered the actual project outputs committed to annually and their potential impact on the SAI's performance.

6. Financial management

a. Overview of Financial Management Responsibilities

The INTOSAI Development Initiative (IDI) will be responsible for the financial management of the project, including reporting to the financial donor, overseeing the allocation and expenditure of funds, and ensuring compliance with relevant financial guidelines. IDI will provide OAGS with regular financial updates detailing how funds are being utilized for each project goal and activity.

During each quarterly Project Coordination Team meeting, IDI will provide and share access to a detailed budget overview in relation to the delivery cost by different partners at least one month in advance of the quarterly meeting. This overview will include actual expenditures from the previous quarter, and projected expenditure for the upcoming quarter, all presented in USD.

The table below outlines the total funds allocated to each Partner according to the grant agreement between IDI and the Norwegian Ministry of Foreign Affairs (SOM 24/0006) within the framework of the three-year cooperation agreement period (2025–2027). The detailed activities and corresponding budget for the implementation of this activity (delivery cost) are presented in a separate document linked to this agreement.

SOM 24/0006 OFFICE OF THE AUDITOR GENERAL OF SOMALIA (OAGS) PEER SUPPORT 2025-2027	2025	2026	2027	TOTAL (USD)[4]
Grant applicant – IDI	200,056.82	179,720.85	240,532.29	620,309.96
Partner 1 OAGS	149,627.44	101,990.32	69,484.31	321,102.07
Partner 2 AFROSAI-E	13,670.06	10,597.46	10,622.44	34,889.96
Partner 3 Peer SAIs	51,684.85	38,646.24	31,703.36	122,034.45
				1,098,336.43

b. Procurement Process and Oversight

All procurement activities related to the project must be conducted in full compliance with IDI's policies and procedures, which include ensuring competition, economy, and value for money. To mitigate any potential risks related to financial misuse, all procurement processes will be transparent and involve OAGS (i.e. Admin and Finance Department) for local procurement.

As per IDI policy, IDI will oversee the initiation and facilitation of payments related to all procurements, ensuring adherence to international standards. However, because of the challenges

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[4] The grant agreement was signed in Norwegian Kroner (NOK). The estimated exchange rate used is 1 NOK = 0.0999 USD.

in paying vendors in Somalia, all payments to vendors to be processed via OAGS, which will share all payment documentation with IDI for verification. This will enhance efficiency and transparency, as OAGS will be directly involved in managing and reporting on all project expenditure.

Zero Tolerance for Financial Irregularities

The project partners, including IDI, AFROSAI-E, and OAGS, are committed to a zero-tolerance policy against any form of corruption or financial irregularities. This policy applies to all staff members, consultants, non-staff personnel, and any external parties involved in the project. Financial irregularities include:

- **Corruption**: Bribery, nepotism, or illegal gratuities.
- **Misappropriation of Funds**: Theft or misuse of project assets or funds.
- **Fraudulent Financial Statements**: Falsification of financial records.
- **Improper Use of Funds**: Any expenditure not in line with the project's implementation plan and budget.

All project stakeholders are responsible for ensuring that financial transactions are conducted ethically and that any issues related to financial misconduct are immediately reported and addressed.

Per Diems and Travel Expenditures

For per diems and travel expenditures, the AFROSAI-E Travel and Event Expenditure Policy will be applied for OAGS staff[5], AFROSAI-E representatives, and regional SAI advisors. It is important to note that remote allowances for resource persons will not be covered by the project's budget, and participating SAIs are expected to contribute their staff time in-kind.

In the case of regional events or other similar activities, OAGS' participation will be determined based on priority needs and, if possible, supported through World Bank funding instead of using project resources. When organizing travel for OAGS staff, IDI will share travel options for review by OAGS, who will be able to suggest adjustments or preferred itineraries. IDI will only cover the most cost-effective travel. Any additional cost of adjustments or preferred itineraries will have to be covered by OAGS/other donors.

Reporting and Accountability

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[5] This means the OAGS participants will not be entitled to per diems other than eventual meals provided. However, OAGS participants are entitled to per diems and any other entitlements from any other funding sources, in accordance with policies and rules of the government of the Republic of Somalia or other funding agencies regulations. Please notice that expenses to field work in Somalia for OAGS staff is not covered through this project.

As part of the semi annual updates provided to the Steering Committee by the Project Coordination Team, IDI will include supplementary information comparing the budgeted versus actual expenditures, both at the overall level and by project components. This will enable Steering Committee members to effectively monitor the implementation of activities and the use of project funds throughout the duration of the project.

7. Cooperation Principles

I. Respect and professionalism

The parties recognise and respect the governance structures and internal processes of each other.

The parties will be transparent with regard to planned activities that might potentially impact on the work of the other parties and will seek ways to complement each other in the performance of their functions.

The three parties will cooperate with honesty, integrity and professionalism, and will respect the work, findings and representations made by each other.

In order to protect and enhance INTOSAI reputation, all are expected to operate in line with the INTOSAI standard Code of Ethics as well as IDI policies on safeguarding and anti-corruption.

IV. Project governance

The parties see overall project governance as critical for progress and results, as well as to ensure an OAGS-led and well-coordinated project.

When working together for the strengthening of OAGS the partners will strive to be role models in good project governance, inspired by INTOSAI-P 12.

The Steering Committee led by the AG is an essential instrument to ensure sound project governance. The partners will ensure that the committee operates effectively and contribute to the success of the project.

V. Communication

Communication between the parties will be responded to with the necessary promptness and will be considered in the context of seeking ways to cooperate and complement each other's functions.

VI. Confidentiality

The parties shall maintain complete confidentiality regarding each other's business and shall not disclose any information relating to each other's business unless prior written permission is obtained from the party.

VII. Conditions for support

The level of support IDI, AFROSAI-E, and SAI partners can provide is subject to the availability of resources and funding.

Termination of the project will be considered if there is a serious lack of commitment related to the project goals or principles of transparency and accountability.

8. Agreement

As partners, we commit to work together to achieve the listed project outcomes and outputs.

We agree to seek to allocate the required resources and staff for participation in the project.

We agree that any changes to the project outcomes and outputs will be mutually discussed and agreed upon.

We commit to the cooperation principles.

Office of the Auditor General of Somalia	*AFROSAI-E*	*INTOSAI Development Initiative (IDI)*
Auditor General	*Chief Executive Officer*	*Deputy Director General*
Date and place:	Date and place:	Date and place:

Appendix I Annual project management cycle

Quarter	OAGS	Peer support project
Q1 **January - March**	● Annual SAI Performance report ● Finalize annual operational plan ● Annual meeting for all partners	● Annual project report, based on OAGS Performance report ● Updated plan and budget for the year, based on OAGS OP ● Annual Steering Committee meeting, include approval of Project annual report and updated plan and budget ● Donor reporting
Q2 **April - June**	● Q1 report and quarterly meeting	● Project plan and budget adjusted if needed
Q3 **July - September**	● Q2 report and quarterly meeting. ● Semi-annual meeting for all partners	
Q4 **October - December**	● Q3 report and quarterly meeting. ● Draft annual report and plan for next year	● Project plan and budget adjusted if needed ● Next year's budget and plan submitted to donor

Appendix II prerequisites and assumptions

The project has a high risk-profile due to the unstable situation and complex environment in Somalia. There are several prerequisites for succeeding in this project.

SAI outcomes pre-requisites:

1. An active internal control system and Budget and Finance Committee in the Somalia Legislature, using audit reports and engaging in enabling a strong SAI.
2. An executive with a will to act on audit findings and implement Public Financial Management reforms.

SAI output and goals pre-requisites:

3. Recruitment of new audit staff in the different audit streams who met the job profile
4. Continuous support for professional development for audit staff
5. A relatively stable Somalia which allows collection of audit evidence in key Ministries in Mogadishu and presence in the audit office by OAGS staff regularly.
6. Government support and commitment to increased capacity and a more independent OAGS.
7. Reasonable level of financial allocation to OAGS operations from the Government of Somalia.
8. Financial assistance from Development Partners to new permanent staff, LTAs and infrastructure costs, including successful execution of that support.

Project inputs pre-requisites:

9. Funding available for the project
10. Well qualified project team members are available from the partner organization and partner-SAIs for key project activities

For risk management, the table below shows the most important risks and related control measures and responsibilities.

No	Risk factors	Proba-bility	Impact	Control measures planned	Responsible
1	**Political instability and conflict:** The political environment could deteriorate, and conflict escalate, creating unfavorable conditions for the OAGS and project implementation. Political changes could have a damaging impact on the ability of the SAI to maneuver and carry out its mandate.			a. Ensure regular dialogue with the partners on the political situation and implications for OAGS. b. Consider scaling down the project if the overall situation makes project implementation difficult.	All, especially Project Coordination Team.
2	**Security**: There is a risk that the security in situation in Somalia leading to security risks for OAGS staff and peer providers.			a. Conduct regular security assessments of locations for meetings/workshops. b. Ensure all staff and advisors travelling are	OAGS and IDI for a and b. IDI and AFROSAI-E for c

No	Risk factors	Proba-bility	Impact	Control measures planned	Responsible
				aware of the security risks and safety routines.	Project coordination team for d.
				c. Make use of the IDI and AFROSAI-E routines for crisis management.	
				d. Use online platform if security risk does not allow local and/or international travels.	
3	**Independence of the OAGS**: The OAGS operates within a new legal framework designed to enhance its independence. However, there are some gaps in the law, such as the substantial discretion granted to the Executive in the removal process and the absence of requirements regarding political affiliation or relationships with executives during the selection process, which could potentially compromise the OAGS's independence. This potential risk to independence may impact the OAGS's ability to effectively utilize the support provided through the project and hinder the long-term efforts to implement the act in the wider government system in Somalia. Additionally, the regulations as part of the audit law implementation have been enacted. However, this is still not aligned with the provisions mentioned in the audit law especially the procedure for appointing the Auditor General, where in the regulation, the evaluation committee consists of officials from auditees institutions that the Auditor General audits, which may create a conflict of interest.			a. Clarify and strengthen legal provisions to implement the law to ensure that the regulations protect the OAGS from external influence and guarantee its Financial autonomy b. Enhance support to ensure transparency and accountability within the organization, such as external audits and reporting requirements. c. Foster a culture of independence within the organization that includes regular ethics training and professional development for staff. d. Continue advocacy efforts and work in a coordinated manner with development partners to uphold the financial autonomy of audit institutions.	All. Specific support through Goal 6 peer team and Goal 4 HR.
4	**Corruption:** Corruption is a deep-rooted and widespread problem in Somalia (CPI 179/180, 2024), affecting the effectiveness and efficiency of public institutions including OAGS. OAGS staff may face risks of bribery and fraud, as			a. Continuous implementation of the OAGS HR manual and Code of Ethics, including annual ethics seminar for staff.	OAGS for a and b. IDI for c and d.

No	Risk factors	Proba-bility	Impact	Control measures planned	Responsible
	well as the risk of misuse of office assets for personal benefits. Such instances would mean a reputational risk for both the OAGS and the partners in the project. While most project funds are provided in-kind, there is a risk that funds are mismanaged through e.g., selection of suppliers/procurements in Somalia, causing reputational damage and the risk of freezing of project funds.			b. Implementation of sound internal control routines within OAGS, enhance the full use offinancial management policy and procedures, and provide routine procurement rules/procedures training for OAGS staff. c. Facilitate sharing of experiences in SAI financial management and controls with other SAIs. d. Use of the OAGS/IDI procurement policy for all procurements and ensure due diligence in the disbursement of project funds, e.g., in relation to invoice requirements and documentation for payments.	
5	**Limited sustainability:** The audit law ensures security of tenure for the AG. However, the significant role of the executive in the removal process raises concerns about the stability of the position. Sudden changes in AG could jeopardize the sustainability of project results. Additionally, frequent staff changes with each new AG appointment pose a threat to the continuity of support.			a. Involve a high number of OAGS staff in project activities, to ensure continuity and sustainability. b. Introduce a holistic approach as regards support to auditing, management quality control, reporting and dissemination – interlinked processes and systems. c. Implement the OAGS HR manual, which includes a mechanism of staff retainment. d. Strengthen the legal provisions to implement the law to ensure that the regulations protects the OAGS from undue influence or interference, guaranteeing its independence.	All, especially Project Coordination Team OAGS for c. in particular.

No	Risk factors	Proba-bility	Impact	Control measures planned	Responsible
6	**Limited impact:** There is a risk that the project will have limited impact, due to e.g. lack of follow-up of audit results by the Parliament or Executive, or significant resistance among influential elites to strengthening the SAI			a. Include sensitization of key stakeholders and goal 3 as a part of the project. b. Scale up support to OAGS' interaction with Parliament in line with OAGS priorities and opportunities.	IDI, and Goal 1 audit follow-up mechanisms, peer team for specific support.
7	**Limited extent, relevance and quality of the advice:** There is a risk that the external advice has limited relevance due to e.g. lack of in-depth knowledge of the political economy of Somalia, communication challenges between OAGS staff and peers (Project staff and peers only speak English, and several staff in OAGS has limited understanding of English) and non-systematic project management and coordination. Insufficient support may lead to sub-standard contents of audit reports which can undermine the reputation of the SAI.			a. Emphasize personal qualifications of advisors b. Train advisors in country context, conflict sensitivity as well as the country-specific PFM system c. Utilize globally accepted standards and best practices as a basis for advice and training but adapt manuals and guidance material to the context. d. Keep a regular dialogue on how to ensure relevance and quality of support. e. Seek to establish English language training for OAGS staff.	IDI and Project Coordination team. Project Coordination Team
8	**Limited coordination:** There is a risk that activities are not coordinated, both within the project and with other supporters of OAGS, due to lack of information sharing systems within the SAI, and lack of information sharing between the development partners and peers.			a. Ensure active use of mechanisms for coordination, especially the bi-annual Partner meetings for all partners of OAGS. b. Regular meetings for the technical providers of support with the OAGS management team, to ensure alignment of advices and training. c. OAGS annual plan and report showing what each partner is doing. d. Partners invite other partners for Steering committee meetings etc. e. Assist OAGS in implementing its Support Ecosystem principles.	All, especially Project Coordination Team and donors. Support by goal 2 and 3 peer teams.

No	Risk factors	Proba-bility	Impact	Control measures planned	Responsible
9	**Delays** in the implementation of planned activities: delays may be due to audit data not available as expected; staff not available as supposed; level of activities not adapted to the competency levels of staff involved, too ambitious plans, and many partners are providing the support.			a. Project coordination team established meeting bi-weekly and regular contact to manage and follow-up on project activities b. Annual project planning done in relation to OAGS planning c. Be ready for flexibility and annual adjustment of plans.	All, especially Project Coordination Team

High	
Medium	
Low	

Appendix III OAGS PSP Key priority and support

Considering the Office's priorities for the next three years (2025–2027) in meeting strategic goals and addressing the capacity gaps, the proposed areas for peer support include:

financial audit, compliance audit, forensic audit, quality management, internal governance, stakeholder engagement, HR management, *and legal and independence*.

The selection of these focus areas is based on several considerations, including office's priorities as outlined in the OAGS Strategic Plan 2023–2027, the OAGS PSP priorities on supporting the OAGS key outputs (see Table below), current capacity gaps, the existing OAGS support ecosystem, and the availability of peers to provide support.

PSP level of priority in supporting the OAGS key outputs

No	Strategic Ouput	OAGS PSP support
1.	High-quality annual financial audits delivered on time for all MDAs.	High
2.	High-quality compliance audits delivered annually on major cross-cutting compliance challenges in the MDAs, such as compliance with the procurement regulations.	High
3.	High-quality specialized audits conducted in specific areas of public interest, including audits of Information Systems	Low
4.	High-quality forensic audits delivered on main issues of fraud, waste and abuse related to the use of public funds.	High
5.	High-quality performance audits delivered on issues of public interests and great national importance including Sustainable Development Goals.	Low
6.	Increased role of OAGS in audit of donor funded projects and high-quality audits of such projects delivered on time.	Low
7.	Enhanced oversight of registration and assessment of government agreements and concession contracts.	Low
8.	OAGS audit results are shared widely in public and there is increased OAGS's visibility with stakeholders through regular interaction with citizens to increase visibility and for selecting the right audits and controls.	High
9.	Regular and timely interaction with the Executive on the audit findings, recommendations, and emerging issues.	High
10.	Regular and timely interaction with the Parliament on audit scrutiny and follow-up.	High
11.	A framework for collaboration with the audit offices of the Federal Member States established and implemented, including harmonization of audit processes, capacity development support and advocacy for enhanced resources	Low

Regarding the OAGS support ecosystem, currently, OAGS receives support from the European Union in the form of long-term advisors in areas such as financial audit, compliance audit, specialized audit,

collaboration between OAGS and Federal Member States, and quality management. Additionally, the World Bank has been providing support to OAGS through a long-term advisor for performance audit and plans to roll out the Somalia Enhancing Public Resource Management Project (SERP) to offer financial and technical support in selected areas. As outlined in the OAGS Term-End review report, the combination of the PSP specific supporting activities and the in-country long term consultants funded by the World Bank and EU appears to have been a recipe for success and something that the project should continue in future bilateral support programs. Therefore, we will continue collaborating with these in-country advisors to build synergy, particularly in areas where our work overlaps.

The OAGS has also built partnerships with several Supreme Audit Institutions, with committed support from these partners. The Swedish National Audit Office has signed an MoU to enhance the performance audit capabilities of the office, while the Turkish Court of Accounts has been supporting ICT audit capacity and has committed to continuing this support in the form of bilateral support.

While those various support is specific to some areas, the OAGS peer support project has worked towards all various areas over the past years with varying levels of effort. The project has utilized peers and resource persons from SAI and AFROSAI-E to support OAGS in both audit and non-audit areas. The peers and resource persons have been collaborating with OAGS at various levels. Some provide more dedicated support, while others are involved on a one-off basis. This variation is natural, as peers play different roles— sometimes acting as consultants who are consulted when needed, and other times being heavily involved in activities from initiation to completion such as in the audit process. There have been ongoing discussions with SAI Uganda to serve as dedicated peer partners, and they are open to providing additional support to SAI Somalia in both the audit and non-audit areas.

Moreover, the office has made progress towards meeting the targets set in their strategic plan. However, the gaps still exist in both audit and non-audit areas. The mandated financial audit still faces challenges in completing the audit working papers adequately. The project will continue working in collaboration with the EU advisors on the ground to address this challenge. Continuing support for forensic auditing is critical to maintain the foundations built over the past year. The office plans to establish a Forensic Audit Department and needs substantial support to create a functional working unit. It is also important for the office to have an MoU with law enforcement for cases they find or assist in investigating. Developing quality systems also require significant support to build a robust system ensuring audit quality.

Internal governance is critical for all other support areas. Support for strategic management can focus on strengthening the monitoring and implementation of the strategic plan. Another key area is developing internal controls within the office. To ensure audit recommendations are followed up by the government, the office needs to develop a good system for tracking audit recommendations and building engagement with the executive, parliament, and the public. Support in strategic communication and developing the necessary tools and guidance is needed to meet these targets. Another area of support is engagement with law enforcement.

Appendix IV Overview of SAI partner responsibilities on OAGS Goals/Objectives (OAGS support ecosystem)

Components	OAGS strategic objectives	Relevant OAGS Department	PSP responsible partner	Other providers of support (to be updated with new EU tender and WB project)
Goal 1: Digitalized audit processes and new audit streams developed enabling relevant, timely and high-quality audits	1. Risk and materiality based overall audit planning and monitoring	Audit Directorates and Coordination unit	SAI Uganda[6] (with support of IDI and AFRE)	EU
	2. Timely production of high-quality financial audit reports by a dedicated financial audit function	Financial and Projects audits department	SAI Uganda (with support of IDI and AFRE)	EU
	3. A compliance audit function able to provide timely and high-quality audit of a wide range of compliance subject matters	Compliance audit Departments	SAI Uganda (with support of IDI and AFRE)	EU
	4. A strong Information System audit function enabling high-quality audit reports on different Information Technology (IT) systems of the government	ISA&CT Department	NA	TCA
	5. A strong specialized forensic audit function	Special & Forensic Audits	SAI Uganda (with support of IDI and AFRE)	
	6. A strong specialized performance audit function	Performance audit Department	NA	SNAO
	7. Strong audit quality control and line management direction and review of audit processes	Audit Directorate	SAI Uganda (with support of IDI and AFRE)	EU

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[6] SAI Uganda will be the dedicated peer SAI for the OAGS PSP

Components	OAGS strategic objectives		Relevant OAGS Department	PSP responsible partner	Other providers of support (to be updated with new EU tender and WB project)
	8.	Independent quality assurance conducted annually for selected audits contributing to active learning and improvement	Quality Management Department	SAI Uganda (with support of IDI and AFRE)	EU
Goal 2: Strong internal governance, leadership and ethics for enabling OAGS efficiency and effectiveness	1.	Strong overall performance and change management	Planning & Performance and Internal audit Department	IDI (with support from SAI Uganda and AFRE)	
	2.	OAGS wide quality management and internal control framework established	Planning & Performance and Internal audit Department	IDI (with support from SAI Uganda and AFRE)	
	3.	Strengthened integrity internally	Planning & Performance and Internal audit Department	IDI (with support from SAI Uganda and AFRE)	
Goal 3: Proactive engagement and trustful collaboration with key stakeholders	1.	Provide support to Parliament in scrutinizing audit reports	Communication & Stakeholder Engagement and Follow-up Unit	IDI (with support from SAI Uganda and AFRE)	EU
	2.	Active and supportive stakeholder relations	Communication & Stakeholder Engagement and Follow-up Unit	IDI (with support from SAI Uganda and AFRE)	EU
	3.	Continuous improvement of OAGS report format and sharing channels	Communication & Stakeholder Engagement and Follow-up Unit	IDI (with support from SAI Uganda and AFRE)	

Components	OAGS strategic objectives	Relevant OAGS Department	PSP responsible partner	Other providers of support (to be updated with new EU tender and WB project)
	4. Contribute to raising the accountancy and audit professions in Somalia	DAGs	NA	WB, TCA
	5. Contribute to and learn from the international community of Supreme Audit Institutions and oversight	Communication & Stakeholder Engagement	NA	TCA
Goal 4: Well qualified and professional staff in a dynamic and inclusive organization	1. A stronger organization enabling OAGS to deliver on its mandate 2. Strong overall HR-management of OAGS 3. Training and professional development for all staff 4. An organization able to work effectively in both English and Somali languages	Human Resource Department	NA (training and professional development of auditors and non-auditors is done as part of Goal 1, Goal 2, and Goal 3 support)	WB, EU TCA
Goal 5: Enhance digitalization and support services for better efficiency in the OAGS	1. Digitalization of audit processes and increased use of software tools enhancing efficiency and quality 2. Improving office premises and equipment 3. Strengthen OAGS Admin and Financial Management routines	ISA & CT and Admin & Finance Departments	NA (digitalization of audit process is done as part of Goal 1 support)	WB TCA
Goal 6: Independence, sufficient resourcing	1. Secure independence and implement the new Audit Act	Legal & Archive Department	IDI Independence team will provide support based on need	WB, TCA FGS

Components	OAGS strategic objectives	Relevant OAGS Department	PSP responsible partner	Other providers of support (to be updated with new EU tender and WB project)
and effective capacity development support to OAGS secured	2. Secure sufficient funding and technical support to OAGS	Project Coordination Team and Technical Working Groups	NA	WB TCA
	3. A strong legal competency in OAGS ensuring government contracts is reviewed and registered on time	Legal & Archive Department	NA	WB, TCA FGS
Goal 7: Strong relations and collaboration with the Offices of the Auditor General of the Federal Member States	1. A framework for collaboration and exchange of experiences between OAGS and FMS OAGs developed 2. Contribute to harmonized audit processes and use of tools through training and capacity development support in selected areas	State Relations Department	NA	EU & WB

Appendix V Project steering committee principles and routines

I.   Establish a predictable and well-timed annual schedule for our meetings
   a.   Set meeting dates for the full year when doing our annual planning, so all partners can be available and preparations can be made in good time.
   b.   Seek to align overall project decisions with the partners' planning and reporting schedule.

II. Use OAGS capacities, systems and location for the meetings
   a.   OAGS focal point sends out invitations and information to the Steering Committee from the project coordination team.
   b.   Use the OAGS own online meeting tool and premises for meetings as far as possible.

III. Be well prepared for meetings and hold ourselves accountable
   a.   Use a meeting document showing agenda items with proposed decisions and key documents to be discussed.
   b.   The meeting document is shared 2 weeks in advance of the meeting (with the exception for ad-hoc meetings).
   c.   The chair is briefed beforehand about the agenda by the project coordination team.
   d.   There is an agenda item of evaluation at the end of each meeting to sum up the experiences of the meeting and enable partners to jointly improve the steering meetings and function.

IV. Ensure plans and reports suitable for steering are presented for the Committee
   a.   All documents presented are expected to be brief, concentrating on issues relevant at the steering level.
   b.   The annual project plan (about 2 pages) shall clearly show the main project deliverables and which OAGS capacities and outputs these contribute to. The plan shall include timelines and responsibilities, and show links to the OAGS operational plans, support by other providers and how major risks are to be addressed.
   c.   The annual project report should report against the plans, budget and result framework, explain causes and consequences of deviations, and list corrective actions to improve results. The report for approval should not exceed 4 pages, but a longer report can be enclosed as an appendix.
   d.   The budget should include all project funded costs (staff and delivery). Costs should be distributed in the main components or areas supported. This shall enable the Steering Committee to assess whether there is a reasonable relationship between resources allocated and expected results.

V.   Enable a good meeting flow
   a.   Chair introduces each agenda item and sum up the conclusions after the discussions.
   b.   Chair ensures that clear decisions are taken, that all members are asked for inputs to proposed decisions, ensure adjusted decisions are developed if necessary and ask for final approval of decisions from the members to conclude the agenda item.
   c.   Each meeting starts with a brief general update by each partner, enabling the current overall plans and situation for the SAI and partners to be taken into consideration when discussing the project
   d.   Each meeting includes a recap and review of decisions of the previous meeting.
   e.   An online presentation is used to guide participants on the agenda item and decisions.

      f.   Always have an option for partners to join in virtually for environmental sustainability and cost-efficiency.

      g.   Use modern hybrid meeting tools enabling high-quality sound and video for all.

VI.   Enable follow-up of meeting decisions

      a.   Develop concise meeting protocols with decisions and a summary of discussions (around 2 pages).

      b.   Protocol to be shared latest 2 weeks after the meeting for approval, and a final version shared with all in pdf.

VII.   Take action when we see problems arising and risks that requires action

      c.   Ad-hoc meetings are called for by the Steering Committee members or requested by the project coordination team when there are major project challenges or major deviations from approved plans, budgets, expected results or decisions.

VIII.   Be inclusive and transparent

      a.   As a general rule, invite all SAI managers and peers providing support to be observers in the meetings to ensure all are well informed and can be consulted for good decisions.

      b.   Share key decisions and steering documents for all project members and other relevant stakeholders.

OAGS PSP 2025 - 2027 Coop agreement Final

Final Audit Report

2025-09-15

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