Jamhuuriyadda Federaalka Soomaliya
Dowlad Goboleedka Hirshabelle
Xafiiska Hantidhowrka

OAG

جمهورية الصومال الفيدرالية
ولاية هيرشبيلي
مكتب المرجع العام

Federal Rebuplic of Somalia
Hirshabele State
OFFICE OF THE AUDITOR GENERAL

ANNUAL REPORT OF THE AUDITOR GENERAL OF HSS STATE FINANCES FOR THE YEAR ENDED 31 DECEMBER 2025

Office of the Auditor General

Hirshabelle State of Somalia

Annual Audit Report for the

Financial Year 2025

Presented to Parliament on 31st August 2026

ANNUAL REPORT OF THE AUDITOR GENERAL OF HSS STATE FINANCES FOR THE YEAR ENDED 31 DECEMBER 2025

Transmittal letter 31st August 2026

Speaker of the Parliament

Hirshabelle State of Somalia

Jowhar, Hirshabelle

Dear Speaker,

I am honored to submit the Annual Report of the Auditor General on the Accounts of the Hirshabelle State of Somalia for the financial year ended 31 DECEMBER 2025. This submission is made in accordance with Section 32(3) of the PFM Act 2018 and Sections 30, 32, and 33 of the Audit Act 2019 of Hirshabelle State of Somalia (HSS).

The primary function of my Office is to audit the accounts of Ministries, Departments, Agencies (MDAs), and other institutions financed from public funds. This report covers those MDAs whose transactions appeared in the consolidated financial statement of HSS for the financial year that ended 31 DECEMBER 2025.

The audits were conducted to examine whether the funds appropriated by Parliament or raised by the Government and disbursed had been accounted for properly. The audit adhered to the International Standards of Supreme Audit Institutions (ISSAIs), which are the standards relevant for auditing public sector entities. The findings presented in this report pertain to issues that were unresolved during the audit process.

I would like to take this opportunity to express my gratitude to the employees of the Office of the Auditor General (OAG) and the MOF staff for their support and cooperation during the audits.

Yours sincerely,

Hirshabelle State of Somalia

CC:

The President of Hirshabelle State Government

Minister for Finance of Hirshabelle State of Somalia

Contents

Acronyms

Acronym	Full Description
AG	Auditor General
ASI	Adam Smith International
CSC	Civil Service Commission
DG	Director General
FMIS	Financial Management Information System
FY	Financial Year
HSS	Hirshabelle State of Somalia
ID	Identity
ICT	Information and Communications Technology
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
MoF	Ministry of Finance
NGO	Non-Governmental Organisation
OAG	Office of the Auditor General
PFM	Public Financial Management
EU	European Union
SFAS	Strengthening Financial Accountability in Somalia
RMS	Revenue Management System
SAI	Supreme Audit Institution
TSA	Treasury Single Account

Executive Summary

The executive summary gives a snapshot of the results of the 2025 annual audit conducted by the HSS Office of the Auditor General. The total expenditure of the state for the FY 2025 was USD 23,650,284. Major expenses for the year included; wages and salaries (USD 8,659,171), travels and conferences (USD 2,383,750), operating expenses (USD 4,438,766), other operating expenses (USD 4,625,428), grants to other government units (USD 1,042,293), rent (USD 316,503), conflict resolution expenses (USD 800,308), fixed assets (USD 1,403,377) as well as miscellaneous expenses (USD -16207). The result of the audit is as follows;

Based on the audit procedures performed in lines we ISSAIs, the audit evidenced reviewed as well as our overall understanding of the state operations, we issued a qualified audit opinion on the following basis;

1. Unsupported expenditure

We identified expenditure amounting to **USD 460,020.55**, representing approximately **2% of total State expenditure**, relating to the purchase and financing of transportation services, meetings and refreshments, fuel, stationery, capacity-building activities, local government services, water-point rehabilitation, wells/water-hole works, and financing of non-financial assets, for which adequate supporting documentation was not provided.

The supporting evidence required to substantiate the occurrence, validity, accuracy and authorization of these transactions, including supplier invoices, goods received notes, activity reports, attendance sheets, beneficiary acknowledgement receipts, progress reports and certificates of completion, where applicable, was not available for audit verification. In addition, the existence of the reported non-financial assets could not be independently physically verified by the audit team.

Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether these expenditures were validly incurred, properly authorized, accurately recorded and, where applicable, whether the related assets existed at year-end.

2. Partially supported expenditure and transfers to local governments

We identified payments amounting to **USD 2,817,972**, representing approximately **12% of total payments**, relating principally to the purchase of goods and services and transfers to local governments, for which supporting documentation was incomplete.

Although some supporting documentation was provided, key evidence necessary to substantiate the full use and accountability of the funds was not available for audit review. The missing documentation included attendance sheets, activity reports, goods received notes, delivery notes, work completion certificates or reports, where applicable, and, in the case of local government transfers, acknowledgement slips and accountability records.

As a result, we were unable to obtain sufficient appropriate audit evidence to confirm whether the related payments and transfers were fully utilized for their intended purposes and were properly accounted for in the financial statements.

3. Partially unsupported non-basic salaries and wages

We identified non-basic salary and wage payments amounting to **USD 4,882,959.52**, representing approximately **21% of total payments**, relating to temporary staff, security-sector salaries, regular food provision and daily meals, for which complete supporting documentation was not available for audit verification.

The documentation required to substantiate the validity, occurrence and authorization of these payments, including beneficiary lists, timesheets, employment contracts, acknowledgement records and transfer/payment records, was not provided in full.

Consequently, we were unable to obtain sufficient appropriate audit evidence to conclusively determine whether all amounts paid related to valid beneficiaries, whether the payments and related goods or services reached the intended beneficiaries, and whether the transactions were properly authorized and accounted for.

4. Unsupported revenue receipts

We identified revenue receipts amounting to **USD 420,438.06**, representing approximately **6% of total internal revenue of USD 7,615,536**, for which adequate supporting documentation was not provided.

The supporting evidence, including bank deposit slips, merchant registration records, merchant slips and original receipts issued to taxpayers, was not available for audit verification.

Consequently, we were unable to obtain sufficient appropriate audit evidence to confirm the completeness, occurrence and accuracy of the reported revenue receipts.

5. Misclassification of expenditure

Our audit testing identified expenditure transactions amounting to at least **USD 334,988.00** that were incorrectly classified in the financial statements.

The transactions were recorded under incorrect expenditure ledgers. Specifically, amounts relating to Diesel and oil, Vehicle rent, Rent, and Fees for service provided, Maintenance and repair of furniture. were charged to other expenditure classifications such as Maintenance and repair, Refreshments, Baahiya kala duwan, and Diesel.

The misclassification affects the accuracy and appropriate presentation of expenditure in the relevant financial statement classifications and indicates that the underlying transactions were not consistently classified in accordance with the applicable financial reporting requirements.

Other key findings and recommendations are as follows:

1. Non-compliance with procurement law: procurement weaknesses were noted, including unsupported and partially supported procurement payments, incomplete procurement plan information, and use of Shopping method where Competitive Bidding appeared required.

Recommendation: Management should ensure procurement is properly planned, documented and processed in accordance with the applicable procurement law and approved methods.

2. Weaknesses in fixed asset management: fixed asset records were incomplete, assets were not tagged, and evidence of periodic physical verification was not provided.

Recommendation: Management should maintain a complete asset register, tag all assets with unique identification numbers and conduct periodic physical verification.

3. Weak controls over journal entries: journal entries were passed without sufficient supporting documents and without evidence of preparation, review and approval.

Recommendation: Management should ensure all journal entries are supported, reviewed and approved before posting.

4. Weaknesses in budget controls: unsupported changes between Original Budget and Final Budget were noted, including virements exceeding the prescribed threshold.

Recommendation: Management should ensure all budget amendments, virements and additional funding are properly approved, documented and reflected in the financial statements.

5. Follow-up on prior year audit recommendations: several prior year findings continued to recur, indicating that recommendations were not fully implemented.

Recommendation: Management should prepare and monitor a time-bound action plan for all outstanding prior year recommendations, with assigned responsible officers and regular progress reporting.

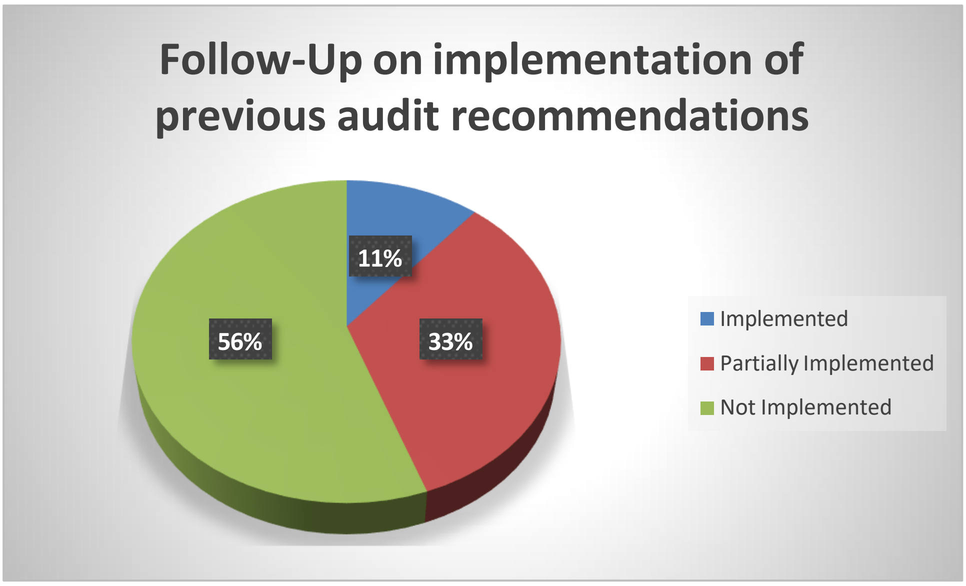
Summary of Status of Prior year Audit recommendations

No. of findings	Implemented	Partially Implemented	Not Implemented
9	1	3	5

Finding No.	Area	Prior Year Audit Observation	Status in Current Audit
1	Budget Process	Weaknesses in the budget process, including missing required budget annexes and process documents, lack of key disclosures, budget over-utilization, disregard of the 10% virement rule, differences between approved budget and budget uploaded in the financial system, and zero spending in some ministries.	Partially Implemented – Some budget documentation weaknesses were not repeated in the same form; however, unsupported changes between the Original Budget and Final Budget, including virements exceeding the 10% threshold, were still noted in FY2025.
2	Revenue Management	Weaknesses in revenue management, including lack of reconciliations between original collection receipts, banking records, RMS and FMIS.	Not Implemented – Revenue documentation and reconciliation weaknesses still persist. Unsupported revenue receipts were noted, and no documented reconciliation or mapping between RMS and IFMIS was provided for audit review.
3	Payment of Expenses / Expenditure Controls	Weaknesses related to payment of expenses, including misclassification, payments outside approved appropriations, and non-adherence to delegated authority and signature controls.	Not Implemented – Misclassification of expenditure and weaknesses in journal entry support and approval controls were still noted during the FY2025 audit.
4	Procurement Supporting Documentation	Gaps in procurement supporting documentation, including absence of GRNs and Certificates of Work Done/Completion for certain procurements.	Partially Implemented – Some procurement and payment documents were provided; however, unsupported and partially supported procurement-related payments for goods, services and works were still noted.

			Weaknesses in procurement plan coding and procurement method selection were also identified.
5	Payroll	Operation of various payrolls and need to consolidate payroll into one computerized payroll system.	Not Implemented – Payroll-related documentation weaknesses still persist. Unsupported non-basic salaries and wages, and partially supported non-basic salaries and wages, were noted during FY2025.
6	Financial Statement Presentation	Need to improve presentation of information in the financial statements, including disclosure of tax revenue by type.	Implemented – The specific prior year issue on tax revenue disclosure was not repeated. However, a new financial statement presentation issue was noted in FY2025 relating to inconsistencies in cash movement and the related cash and bank balance note.
7	Cash and Bank	Lack of bank reconciliations; formal and standard bank reconciliations should be prepared in line with banking regulations and procedures.	Partially Implemented – Monthly bank reconciliations were prepared; however, they were not prepared preferably daily or at minimum weekly within two days after the end of each week as required by PFM Regulation No. 5.
8	Fixed Assets Management	Weaknesses in fixed asset management, including lack of asset tagging and non-existence of procedures for periodic asset verification.	Not Implemented – Evidence of asset tagging, unique identification numbers and recording in the asset register was not provided for the non-financial assets reviewed during FY2025.
9	Follow-up on Prior Recommendations	Recurrence of issues from prior years, indicating non-implementation of audit recommendations.	Not Implemented – Several prior year issues recurred during FY2025, including weaknesses in revenue reconciliation, bank reconciliation, payroll documentation, procurement

			documentation, expenditure classification and fixed asset management.



The chart above presents the status of implementation of audit recommendations issued in prior years. It shows the proportion of recommendations that were fully implemented, partially implemented, and not implemented as at 31 December 2025.

Introduction

This report, produced in accordance with Sections 30, 32(3), and 33 of the Public Financial Management (PFM) Act 2018, reflects the outcomes of the audit conducted for the Hirshabelle State of Somalia for the financial year ended December 31, 2025. It presents our observations and insights gained during the audit whose aim was to provide reasonable assurance regarding the reliability of the state's financial statements and their compliance with applicable rules, policies, and legislation. This report highlights key audit findings, sheds light on issues impacting service delivery to the people of Hirshabelle State, and includes recommendations for governance bodies, oversight authorities, and other stakeholders. These recommendations are designed to enhance financial and performance management across Ministries, Departments, and Agencies (MDAs).

Mandate

Section 28(1) of the Audit Act 2019 mandates the Office of the Auditor General (OAG) to audit the accounts of all public bodies within HSS. According to Section 32(3) of the PFM Act 2018 and Section 30(4) of the Audit Act 2019, the Auditor General (AG) is required to submit the Annual Audit Report to Parliament within four months of receiving the Financial Statements from the Minister for Finance. The Speaker of Parliament must then table all audit reports in the State Assembly within five working days of receipt, as stipulated in Section 33(1) of the Audit Act 2019.

The independence of the Auditor General is a cornerstone of a well-functioning Supreme Audit Institution (SAI) operating in line with International Standards of Supreme Audit Institutions (ISSAIs). Article 67 of the Hirshabelle Constitution establishes the OAG as an independent institution with the primary function of serving as the external auditor for the State. Furthermore, Section 7(1) of the 2018 Audit Act underscores the Auditor General's independence in executing his/her responsibilities
.

Appreciation

The OAG extends its appreciation to our dedicated employees whose contributions have been instrumental in maintaining our professionalism and upholding our mandate. The contribution of the technical Assistance (TA) from the European Union (EU) Funded Strengthening Financial Accountability in Somalia (SFAS) project implemented by our partners Adam Smith International (ASI) cannot be over emphasized. We also express our gratitude to Parliament, Ministry of Finance, and the Civil Service Commission for their support and cooperation, which have significantly contributed to the work of the OAG. We take pride in presenting the Auditor-General's Annual Report for 2025.

Challenges

The Office of the Auditor General of Hirshabelle State continues to face financial, institutional and capacity constraints that affect its ability to fully deliver on its mandate. Limited funding, dependence on the Ministry of Finance for budgetary control, inadequate IT systems, staffing gaps and limited specialized audit skills and technology affect audit independence, coverage, quality and timely reporting.

Strengthening the Office's financial autonomy, staffing, systems and professional capacity is necessary to enhance its effectiveness in promoting transparency and accountability in public financial management

Conclusion

The audit of the Hirshabelle State of Somalia's financial statements for the year ended 31 December 2025 revealed recurring weaknesses in public financial management and internal controls. These included inconsistencies in financial statement presentation, weaknesses in bank reconciliations, unsupported revenue receipts, absence of regular reconciliation between RMS and IFMIS, unsupported and partially supported employee compensation, weak controls over journal entries, misclassification of expenditure, unsupported budget changes, procurement documentation and method compliance issues, unsupported grants to Local Level Government, and weaknesses in fixed asset documentation, registration and tagging.

The recurrence of several issues from prior years indicates that audit recommendations have not been fully implemented. Management should therefore prioritize corrective action by strengthening documentation and filing controls, improving reconciliations, enforcing review and approval procedures, ensuring compliance with the PFM Act and related regulations, and monitoring implementation of prior year recommendations through a clear action plan with assigned responsibilities and timelines.

Other Matters

In addition to the matters described in the Basis for Qualified Opinion, the audit identified several internal control, compliance and financial reporting weaknesses that require management attention. These matters did not, individually, change the form of the audit opinion; however, they are important for improving financial accountability, transparency and compliance with the Public Financial Management Act and related regulations.

The key other matters include weaknesses in financial statement presentation, bank reconciliations, revenue documentation and reconciliation, budget adjustments, journal entry controls, expenditure classification, procurement documentation and method selection, grants to Local Level Government, and fixed asset management.

Management is encouraged to address these matters through clear corrective action plans, assigned responsible officers, target implementation dates and regular follow-up on implementation progress

The **Auditor's Report on the Financial Statements and the Final Financial Statements are presented in Annex 1**, and the **Detailed Management Letter is presented in Annex 2**. The Management Letter contains audit observations, management responses, auditor conclusions, and recommendations for corrective action. It forms part of this report and is intended to assist management and oversight bodies in addressing the underlying causes of recurring weaknesses and implementing sustainable improvements in public financial management.

Jamhuuriyadda Federaalka Soomaliya
Dowlad Goboleedka Hirshabelle
Xafiiska Hantidhowrka

جمهورية الصومال الفيدرالية
ولاية هيرشبيلي
مكتب المرجع العام

Federal Rebuplic of Somalia
Hirshabele State
OFFICE AUDITOR GENERAL

Office Of the Auditor General
Hirshabelle State of Somalia,

HIRSHABELLE STATE OF SOMALIA (HSS)

FINANCIAL STATEMENTS FOR

THE YEAR ENDED 31 DECEMBER

2025

GLOSSARY OF TERMS

FGS	Federal Government of Somalia
FY	Financial Year
IPSAS (IPSAS)	International Public Sector Accounting Standards
ISSAI Institutions	International Standards of Supreme Audit
HSS	Hirshabelle State of Somalia
MOF	Ministry of Finance
USD	United States Dollar

Contents

STATEMENT OF RESPONSIBILITY OF THE MINISTRY OF FINANCE

The Public Financial Management (PFM) Act 2018 of Hirshabelle State of Somalia requires Ministry of Finance (The Ministry) to prepare Consolidated Fund Statement of Receipts and Payments for each financial year that recognizes all cash receipts and payments and cash balances controlled by the State. The State is required to maintain proper accounting records that are sufficient to show and explain the transactions of the State and disclose, with reasonable accuracy, the financial position of the State. The State is also responsible for safeguarding the assets of the State and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Ministry accepts responsibility for the preparation and presentation of these Financial Statements in accordance with International Public Sector Accounting Standards (IPSAS) - Financial Reporting Under the Cash Basis of Accounting 2017 and in the manner required by the Public Financial Management Act, 2018 of Hirshabelle State of Somalia. The Ministry also accepts responsibility for:

Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Consolidated Financial Statements;

Selecting and applying appropriate accounting policies; and

Making accounting estimates and judgments that are reasonable in the circumstances.

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

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

Approved by Minister of Finance Hirshabelle State of Somalia

Name and Signature: Abdirahim Isse Addow --

Dated: 30-08-2026 ---

DOWLADDA HIRSHABELLE
WASAARADDA MAALIYADDA & HORUMARINTA DHAQAALAHA
XAFIISKA WASIIRKA
OFFICE OF THE MINISTER
MINISTRY OF FINANCE & ECONOMIC DEVELOPMENT
HIRSHABELLE STATE OF SOMALIA

REPORT ON THE FINANCIAL STATEMENT

Qualified Opinion

I have audited the financial statements of Hirshabelle State of Somalia for the year ended 31st December 2025 This financial statement comprises the Consolidated Fund Statement of Receipts and Payments, the Consolidated Fund Statement of Comparison of Budget and Actual amounts, and Government Financial Statistic (GFS) Statement of Operation for the year ended 31 December 2025, Notes and other explanatory information.

Basis for Qualified Opinion

Our qualification arises from the following matters:

1. Unsupported expenditure

We identified expenditure amounting to **USD 460,020.55**, representing approximately **2% of total State expenditure**, relating to the purchase and financing of transportation services, meetings and refreshments, fuel, stationery, capacity-building activities, local government services, water-point rehabilitation, wells/water-hole works, and financing of non-financial assets, for which adequate supporting documentation was not provided.

The supporting evidence required to substantiate the occurrence, validity, accuracy and authorization of these transactions, including supplier invoices, goods received notes, activity reports, attendance sheets, beneficiary acknowledgement receipts, progress reports and certificates of completion, where applicable, was not available for audit verification. In addition, the existence of the reported non-financial assets could not be independently physically verified by the audit team.

Consequently, we were unable to obtain sufficient appropriate audit evidence to determine whether these expenditures were validly incurred, properly authorized, accurately recorded and, where applicable, whether the related assets existed at year-end.

2. Partially supported expenditure and transfers to local governments

We identified payments amounting to **USD 2,817,972**, representing approximately **12% of total payments**, relating principally to the purchase of goods and services and transfers to local governments, for which supporting documentation was incomplete.

Although some supporting documentation was provided, key evidence necessary to substantiate the full use and accountability of the funds was not available for audit review. The missing documentation included attendance sheets, activity reports, goods received notes, delivery notes, work completion certificates or reports, where applicable, and, in the case of local government transfers, acknowledgement slips and accountability records.

As a result, we were unable to obtain sufficient appropriate audit evidence to confirm whether the related payments and transfers were fully utilized for their intended purposes and were properly accounted for in the financial statements.

3. Partially unsupported non-basic salaries and wages

We identified non-basic salary and wage payments amounting to **USD 4,882,959.52**, representing approximately **21% of total payments**, relating to temporary staff, security-sector salaries, regular food provision and daily meals, for which complete supporting documentation was not available for audit verification.

The documentation required to substantiate the validity, occurrence and authorization of these payments, including beneficiary lists, timesheets, employment contracts, acknowledgement records and transfer/payment records, was not provided in full.

Consequently, we were unable to obtain sufficient appropriate audit evidence to conclusively determine whether all amounts paid related to valid beneficiaries, whether the payments and related goods or services reached the intended beneficiaries, and whether the transactions were properly authorized and accounted for.

4. Unsupported revenue receipts

We identified revenue receipts amounting to **USD 420,438.06**, representing approximately **6% of total internal revenue of USD 7,615,536**, for which adequate supporting documentation was not provided.

The supporting evidence, including bank deposit slips, merchant registration records, merchant slips and original receipts issued to taxpayers, was not available for audit verification.

Consequently, we were unable to obtain sufficient appropriate audit evidence to confirm the completeness, occurrence and accuracy of the reported revenue receipts.

5. Misclassification of expenditure

Our audit testing identified expenditure transactions amounting to at least **USD 334,988.00** that were incorrectly classified in the financial statements.

The transactions were recorded under incorrect expenditure ledgers. Specifically, amounts relating to Diesel and oil, Vehicle rent, Rent, and Fees for service provided, Maintenance and repair of furniture. were charged to other expenditure classifications such as Maintenance and repair, Refreshments, Baahiya kala duwan, and Diesel.

The misclassification affects the accuracy and appropriate presentation of expenditure in the relevant financial statement classifications and indicates that the underlying transactions were not consistently classified in accordance with the applicable financial reporting requirements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance during the audit of the financial statements for the year ended 31 December 2025. These matters were addressed in the context of the audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion, we determined the following matters to be key audit matters:

- **Non-compliance with procurement law**

  The audit noted significant procurement-related weaknesses, including unsupported and partially supported procurement payments for goods, services and works. The audit also noted incorrectly coded and incomplete procurement procedure information in the approved Procurement Plan, and use of the

Shopping method for procurements that appeared to require Competitive Bidding or another appropriate approved procurement method. issues indicate weaknesses in compliance with the procurement law and related regulations, and may affect transparency, competitiveness, value for money and accountability in the procurement process.

- **Weaknesses in fixed asset management**

The audit noted weaknesses in the management of non-financial assets. Supporting documentation for acquisition of non-financial assets was incomplete. In addition, evidence was not provided to show that acquired assets were assigned unique identification numbers, physically tagged and recorded in the asset register.

These weaknesses reduce management's ability to confirm the existence, ownership, location, condition and custody of government assets.

- **Weak controls over journal entries**

Journal entries totalling USD 1,362,396.98 were passed without sufficient supporting documentation and without evidence of a documented preparation, review, approval and filing process. These issues affect the accuracy, consistency and reliability of expenditure reporting.

- **Weaknesses in budget controls**

Unsupported changes between the Original Budget and Final Budget were noted, including virements exceeding the prescribed 10% threshold. Management did not provide sufficient approved supplementary budget documentation, approved virement schedules, approved budget vouchers or other evidence demonstrating that the budget changes were duly authorized.

These weaknesses affect budget credibility, transparency and compliance with the PFM framework.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cash Basis IPSAs and legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Fundamental Auditing Principles (ISSAIs 100-999) of the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit. I also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
c) Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if su8ch disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Auditor General
Office of the Auditor General
Hirshabelle State of Somalia

Date: 31 August 2026

MANAGEMENT LETTER

Audit of the Financial Statements of Hirshabelle State of Somalia

For the Year Ended 31 December 2025

8

15 August, 2026

Minister,
Ministry of Finance,
Jowhar, Hirshabelle,
Somalia.

Dear Sir,

Report to the Minister for the year ended 31 December 2025

We have recently completed our audit of the Consolidated & Ministerial Financial Statements of the Hirshabelle State of Somalia for the year ended 31 December 2025 which we conducted in accordance with International Standards of Supreme Audit Institutions (“ISSAI”). Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatements but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit is conducted to enable us to form and express an opinion on the financial statements that have been prepared by Treasury, the Ministry of Finance with the oversight of the Hirshabelle Federal Member State Cabinet. The audit of the financial statements does not relieve the Ministry of its responsibilities. However, in accordance with our normal practice, we write to draw your attention to certain matters which we identified during our audit. Those issues are set out in the attached report.

Management responses have been incorporated through the co-ordination of the Ministry of Finance. We would like to thank the management and staff for their assistance and co-operation during the audit.

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

Yours faithfully,

The Office of the Auditor General, Hirshabelle State of Somalia.

1. Executive Summary

This Management Letter presents the key internal control, compliance and financial management issues identified during the audit of the FY2025 financial statements of Hirshabelle State of Somalia. The observations are intended to support management in strengthening public financial management, improving documentation and filing controls, enhancing compliance with the PFM Act and related regulations, and addressing weaknesses noted in financial reporting, cash and bank management, revenue, employee compensation, accounting records, budget execution, procurement and fixed asset management.

Overall, the audit noted that although certain transactions were recorded in the financial management system and some supporting documents were provided, several important controls were either not operating effectively or were not adequately documented. The main issues included inconsistencies in the presentation of cash movement and the related cash and bank balance note, bank reconciliations not prepared within the timeframe required by the PFM Regulation, unsupported revenue receipts, absence of direct interface and regular reconciliation between RMS and IFMIS, unsupported and partially supported non-basic salaries and wages, weak controls over journal entries, misclassification of expenditure, unsupported changes between original and final budget, procurement documentation gaps, inappropriate procurement method selection, and unsupported acquisition of non-financial assets.

Financial reporting controls require improvement. The audit noted inconsistencies in the presentation of increase/decrease in cash within the financial statements and the related cash and bank balance note. The financial statements and related notes were not consistent in presenting the cash movement and year-end cash and bank balance. This affects the clarity and reliability of the financial statements and indicates the need for stronger review and reconciliation before submission for audit.

Cash and bank controls also require strengthening. Bank reconciliations were prepared on a monthly basis; however, this was not in line with the PFM Regulation, which requires bank reconciliations to be prepared preferably daily or, at a minimum, weekly within two days after the end of each week. This may delay the identification and correction of errors, omissions, unauthorized transactions or reconciling items.

Revenue management controls require improvement. The audit identified unsupported revenue receipts and weaknesses in reconciliation between revenue records. RMS and IFMIS were not directly interfaced, and regular manual reconciliations between the two systems were not prepared. As a result, differences between RMS and IFMIS were not regularly identified, explained and resolved, reducing assurance over the completeness, consistency and accuracy of revenue records reflected in the financial statements.

Employee compensation controls showed significant documentation weaknesses. The audit noted unsupported non-basic salaries and wages, as well as partially supported non-basic salaries and wages. In several cases, key supporting documents required to verify validity, authorization, occurrence, beneficiary details and payment evidence were not provided for audit review. These weaknesses reduce assurance that salary and wage payments were properly authorized, accurately recorded and paid to eligible beneficiaries.

Accounting and financial reporting controls require further attention. Journal entries were passed without documentary evidence and without evidence of a documented preparation, review, approval and filing process. The audit also identified misclassified expenditure transactions, which affect the accuracy, consistency and transparency of financial reporting and budget execution information.

Budget controls require improvement. The audit noted unsupported changes between the Original Budget and Final Budget, including virements exceeding the 10% threshold. Management confirmed that no supplementary budget was prepared or approved during FY2025; however, the financial statements presented increases between the Original Budget and Final Budget. Approved supplementary budget documentation, approved virement schedules or other evidence of authorization were not provided for audit review.

The audit noted unsupported and partially supported procurement-related payments for goods, services and works. The approved procurement plan also included incorrectly coded and incomplete procurement procedure information, including the use of “PREQ” under the Procurement Procedure column and “IFQ” under the Bidding Document column. In addition, procurement testing identified use of the Shopping method for procurements that, based on value and nature, should have been processed through Competitive Bidding or another appropriate method in accordance with the Procurement Regulation.

Fixed asset controls also require strengthening. The audit noted unsupported acquisition of non-financial assets, including lack of sufficient documentation and evidence that acquired assets were assigned unique identification numbers, physically tagged and properly recorded in the asset register.

Management is encouraged to address these findings through clear corrective action plans, including strengthening financial statement review, improving documentation and filing controls, performing reconciliations within the required timeframe, reconciling RMS and IFMIS records, strengthening payroll support, improving journal entry controls, correcting misclassifications, ensuring budget changes are properly approved and documented, aligning procurement plans with regulatory requirements, applying correct procurement methods, and ensuring assets are properly supported, recorded and tagged.
The detailed findings, risks, recommendations, management responses and corrective action plans are presented in the sections below.

3. Objective and Basis of Reporting

The objective of this Management Letter is to communicate matters requiring management attention and corrective action. Each finding is presented using the structure below.

Element	Description
Finding	Title of the issue noted during the audit.
Condition	What the audit found, including the relevant schedule reference where applicable.
Criteria	What should have happened, based on IPSAS Cash Basis, PFM requirements, approved procedures, procurement rules, IFMIS controls or good financial management practice.
Cause	Likely reason the issue occurred.
Effect	Possible impact on cash basis financial reporting, compliance, accountability or internal control.
Recommendation	Corrective action expected from management.
Management Response	Management’s response to the finding, including whether management agrees or disagrees, explanation of the cause, corrective action to be taken, responsible officer and expected implementation date.
Auditor Conclusion	Auditor’s final assessment after reviewing management’s response and supporting evidence.

3. Risk Rating Guide

Risk Level	Description
High	Significant financial reporting, compliance or internal control issue. May result in material misstatement, irregular expenditure, unsupported transactions, loss of funds, or significant breach of PFM/procurement requirements. Requires urgent management action.
Medium	Important control or compliance weakness that may affect reliability of records, budget control, efficiency of operations, or ac11countability. Requires timely corrective action.
Low	Minor control weakness or procedural gap with limited financial impact, but improvement is recommended to strengthen controls and documentation.

4. Summary Performance Ratings on Areas Reviewed

The table below presents a summary of the audit findings. In the table, we have provided summaries of each finding and a visual indicator of the assessed significance of each.

Control area	Risk key	Control weakness noted	Amount involved in USD
1. Cash and Bank	Medium	1.1 Weakness in bank reconciliations	Not Quantified
2. Revenue	High	2.1 Unsupported revenue receipts	**420,438.06**
	Medium	2.2 No direct interface between RMS and IFMIS and absence of regular reconciliation	Not quantified
3. Employee Compensation	Medium	3.1 weaknesses noted on non-basic salaries and wages	**4,882,959.52**
4. Grants to Other General Government Units	Medium	4.1 partially supported grants to Local Level Government	**698,107**
5. Use of Goods and services and acquisition of non-financial assets	High	5.1 Unsupported goods, services, acquisition of non-financial assets and works payments	**460,020.55**
	Medium	Partially supported goods, services, and works payments (Combined with 5.1)	**2,119,865.00**
6.0 Procurements	Medium	6.1 Incorrectly coded and incomplete procurement procedure information in the approved procurement plan	Not quantified
	High	6.2 Inappropriate use of Shopping method for procurements requiring Competitive Bidding	**1,144,534.00**
7. Fixed Assets	Medium	7.1 weaknesses noted in the management of fixed Assets	Not quantified
8. Accounting and Financial Reporting	High	8.1 Weak controls over journal entries and lack of supporting documentation	**1,362,396.98**
9. Misclassification of expenses	Medium	9.1 Misclassification of expenditure	**334,988.00**
10. Budget	High	10.1 Unsupported changes between original and final budget, including virements exceeding the 10% threshold	Not quantified

5. Detailed Findings and Recommendations

1.0 Cash and bank

1.1 Weakness in bank reconciliations

Observation

Condition

During the audit, we noted weaknesses in the preparation of bank reconciliations. Management prepared bank reconciliations on a monthly basis; however, this frequency is not in line with Regulation No. 5 on Managing Cash Resources and Bank Accounts, which requires bank reconciliations to be prepared preferably daily or, at a minimum, weekly within two days after the end of each week. As a result, the reconciliation process did not comply with the requirements of the PFM Regulation.

Criteria

Regulation No. 5 on Managing Cash Resources and Bank Accounts, Section 3.1.1, requires the Treasury Single Account and any other bank accounts of Hirshabelle State of Somalia to be reconciled preferably daily or, at a minimum, weekly within two days after the end of the week by the Treasury Department, Ministry of Finance, using FMIS. Section 3.1.2 further requires each reconciliation to be checked and approved by the Treasurer or designated senior officer.

Cause

Weaknesses in compliance with the reconciliation frequency required by the PFM Regulation.

Effect

Monthly reconciliations may delay the identification and correction of errors, omissions, unauthorized transactions or reconciling items. This may weaken timely monitoring of cash and bank balances and reduce the effectiveness of cash management controls.

Recommendation

Management should ensure that the Treasury Single Account and all other bank accounts of Hirshabelle State of Somalia are reconciled preferably daily or, at a minimum, weekly within two days after the end of each week, in accordance with Regulation No. 5. Each reconciliation should be prepared using FMIS, checked and approved by the Treasurer or designated senior officer, and properly filed as part of the financial records.

Where management considers monthly bank reconciliation to be more practical or appropriate, management should initiate the required legal amendment process so that the applicable requirement is formally revised and approved before monthly reconciliation is treated as compliant.

Significance

Medium

Responsible directorate

Treasury Directorate, Ministry of Finance

Management response

The Ministry of Finance acknowledges the importance of and its obligation to comply with **PFM Regulation No. 5**, and is committed to fully implementing the requirements relating to bank reconciliations.

However, there are operational challenges, including the existence of **43 bank accounts**, relatively low transaction volumes in some accounts, and the fact that **BISAN is not directly integrated with the banks**, which affects the timely availability of bank statements on a daily or weekly basis. The Ministry will work to address these challenges by improving access to timely bank statements and strengthening the reconciliation process. Where a practical solution is identified, the Ministry will also pursue **system integration between BISAN and the relevant bank accounts** to facilitate more timely and efficient bank reconciliations and ensure effective compliance with Regulation No. 5.

Auditor’s Conclusion

We acknowledge management's response and the operational challenges noted. However, PFM Regulation No. 5 requires bank reconciliations to be performed preferably daily or, at minimum, weekly. The finding therefore remains valid pending evidence that reconciliations are performed within the required timeframe, or that the applicable regulatory requirement has been formally amended.

2. Revenue

2.1 Unsupported revenue receipts

Observation

Condition

During the audit of revenue receipts, we noted revenue receipts totaling **USD 420,438.06** that were unsupported due to missing supporting documents. The missing documents related to bank deposit slips, merchant registration records and original receipts issued to tax payers. The detailed schedule of unsupported revenue receipts is presented in **Annex 1**. The nonavailability of these crucial documents makes it difficult to assess the completeness and correct classification of the taxes collected.

Criteria

State Revenue Act 2018, Section 9(18A), requires that records of all taxes collected must be kept in the form and according to procedures prescribed by Regulation issued by the Minister for Finance. PFM Regulation No. 10 on Financial Record Filing, Safekeeping and Retention requires financial record filing to be well organized and classified in a systematic, logical and consistent manner to facilitate accurate and complete documentation retention and retrieval. The Regulation also requires receipts and revenue records to be retained for seven years, including issued manual receipts, electronic receipts issued through RMS, revenue recorded in RMS, revenue recorded in FMIS, taxpayer returns, cash management records and related supporting evidence.

Accordingly, revenue receipts should be supported by complete and retrievable documentation, including receipt vouchers, bank deposit slips, RMS records, FMIS records, merchant registration records where applicable, merchant slips, taxpayer records and evidence of collection, deposit and recording.

Cause

Weaknesses in revenue documentation, filing, review and verification before recording or accepting revenue receipts.

Effect

The audit team may not be able to confirm whether revenue was properly collected, deposited and recorded. This increases the risk of unsupported, misclassified, omitted or misstated revenue.

Recommendation

Management should strengthen revenue documentation, filing and reconciliation controls and ensure that all receipts, revenue records and related supporting evidence are properly maintained and retained for the required seven-year period in accordance with the PFM Regulations.

Significance

High

Responsible directorate

Revenue Directorate, Ministry of Finance

Management response

Management notes the audit observation and acknowledges the documentation gaps identified in relation to the revenue receipts amounting to **USD 420,438.06**. Management will undertake a detailed review of the items listed in **Annex 1** and coordinate with the relevant revenue and treasury units to obtain and verify the outstanding supporting documentation.

The Ministry will ensure that the relevant revenue transactions are properly supported, reconciled, and documented, and that any missing records are retrieved14and appropriately filed. Management will also strengthen the review and documentation procedures to ensure that revenue collections are adequately supported and maintained in accordance with the applicable **PFM Regulations**.

Auditor's Conclusion
We acknowledge management's response and planned corrective actions. The finding remains valid pending audit review of the supporting documents and filing evidence for the revenue receipts listed in Annex 1.

2.2 No direct interface between RMS and IFMIS and absence of regular reconciliation

Observation

Condition

During revenue testing, we noted that there was no direct interface between the Revenue Management System (RMS) and the Financial Management Information System (IFMIS). It was also noted that regular manual reconciliations between the two systems were not prepared. Comparison of revenue records from the two systems showed monthly differences across all months reviewed. Total receipts per IFMIS amounted to **USD 24,388,841.65**, while total receipts per RMS amounted to **USD 8,631,968.17**, resulting in an unreconciled difference of **USD 15,756,873.48**. In the absence of a direct system interface or regular manual reconciliations, the audit team could not confirm whether revenue records in RMS and IFMIS were complete, consistent and accurately reflected in the financial statements. The detailed monthly comparison is presented in as shown in the table below.

Month	FMIS Revenue Receipts	RMS Revenue Receipts	Difference	Explanation
Jan	$701,446.02	$967,463.62	($266,017.60)	Reconciliation not performed.
Feb	$1,059,956.44	$739,374.01	$320,582.43	Reconciliation not performed.
Mar	$1,692,118.39	$683,923.16	$1,008,195.23	Reconciliation not performed.
Apr	$639,886.23	$553,751.10	$86,135.13	Reconciliation not performed.
May	$1,300,103.53	$465,849.10	$834,254.43	Reconciliation not performed.
Jun	$1,521,098.74	$650,452.21	$870,646.53	Reconciliation not performed.
Jul	$1,382,273.58	$537,598.86	$844,674.72	Reconciliation not performed.
Aug	$1,650,592.65	$497,000.51	$1,153,592.14	Reconciliation not performed.
Sep	$1,101,520.74	$509,121.05	$592,399.69	Reconciliation not performed.
Oct	$1,441,613.55	$985,517.77	$456,095.78	Reconciliation not performed.
Nov	$3,735,126.00	$1,058,382.90	$2,676,743.10	Reconciliation not performed.
Dec	$8,163,105.78	$983,533.88	$7,179,571.90	Reconciliation not performed.
Total	**$24,388,841.65**	**$8,631,968.17** 15	**$15,756,873.48**	**Management should prepare regular RMS–FMIS reconciliations.**

This is not in compliance with the requirement for revenue records to be complete, accurate, reconcilable and properly maintained across the systems used for revenue collection, recording and reporting.

Criteria
State Revenue Act 2018, Section 9(18A), requires that records of all taxes collected must be kept in the form and according to procedures prescribed by Regulation issued by the Minister for Finance. State Revenue Act 2018, Section 24, requires revenues collected by or on behalf of government bodies to be collected, managed and recorded in accordance with the systems, procedures and instructions issued by the Ministry of Finance. PFM Act 2018, Section 31(1), requires government officials handling public financial transactions to ensure that financial information is reported in a timely, comprehensive and accurate manner.

Cause
Lack of direct system integration between RMS and IFMIS, and weaknesses in the preparation, review and approval of regular reconciliations between the two systems.

Effect
Revenue records may be incomplete, duplicated, omitted, misclassified or misstated. The absence of regular reconciliations also increases the risk that differences between RMS and IFMIS may remain unidentified and unresolved, affecting the reliability of revenue reported in the financial statements.

Recommendation

Management should establish a formal reconciliation process between RMS and IFMIS. The reconciliation should be prepared regularly, reviewed and approved by responsible officers, and should explain all differences between the two systems by revenue type, date, receipt reference, deposit record and accounting entry. Management should also consider establishing a direct interface between RMS and IFMIS, or an approved data transfer process, to ensure that revenue recorded in RMS is completely and accurately reflected in IFMIS. All unreconciled differences should be investigated, corrected and properly documented.

Significance

Medium

Responsible directorate

Revenue Directorate / Treasury Directorate, Ministry of Finance

Management response

Management would like to clarify that **RMS and FMIS have different functions and revenue coverage**. **RMS** is used to record **Domestic Revenue only**, collected through the Revenue Directorate.

FMIS, on the other hand, records the **overall Government revenue**, including **Domestic Revenue, Grants, and other revenue sources** received by the Government.

Therefore, the figures reported by RMS and FMIS should not be directly compared, as FMIS covers a broader range of government revenue than RMS. However, the Ministry is committed to establishing an appropriate **reconciliation and mapping process** to clearly explain the differences between the two systems and, where a practical technical solution is available, consider **system integration between RMS and FMIS**.

The Ministry of Finance therefore recommends that the audit observation and the reported difference of **USD 15,756,873.48** be reassessed after considering the different roles, revenue coverage and accounting functions of the two systems.

Auditor's Conclusion

16

We acknowledge management's clarification on the different coverage of RMS and FMIS. However, the finding remains valid because a documented reconciliation between RMS revenue records and the

corresponding FMIS records was not provided. Management's commitment to establish reconciliation is noted and will be followed up in the next audit.

3. Employee Compensation

3.1: weaknesses noted on non-basic salaries and wages

Observation

Condition

During the audit of employee compensation, we noted weaknesses on the supporting documents related to non-basic salaries and wages totalling **USD 4,882,959.52**. The expenditure related to temporary staff salaries, security sector salaries, regular food provision, and daily meals. Missing documentations included and not limited to; beneficiary lists, timesheets, employment contracts, acknowledgement records, distribution lists, sourcing and procurement documentations where applicable etc. Consequently, the audit team was unable to verify the validity and authorization of these salary payments. The table below presents details of non-basic salaries and wages:

Basic salaries	**Unsupported**
Temporary staff salary	15,600.00
Security Sector Salary	3,102,554.52
Regular food provision and Daily meals	1,764,805.00
	4,882,959.52

This is not in compliance with the requirement for salary expenditure to be supported by complete, accurate and retrievable payroll and payment records.

Criteria

PFM Regulation No. 10 on Financial Record Filing, Safekeeping and Retention requires financial records to be well organized and classified in a systematic, logical and consistent manner to facilitate accurate and complete documentation retention and retrieval. The Regulation also requires payroll records and other supporting financial records to be properly maintained and retained for a period of seven years. Accordingly, salary expenditure should be supported by complete and retrievable payroll records, including approved payroll schedules, employee or beneficiary records, appointment or contract records, payment evidence and authorization records.

Cause

Weaknesses in payroll documentation, filing, review and retention of supporting records.

Effect

The audit team may not be able to confirm the validity, accuracy, occurrence and authorization of the salary expenditure. Unsupported payroll costs may result in ineligible, inaccurate or irregular payments.

Recommendation

Management should strengthen payroll documentation, filing, safekeeping and record retention controls by ensuring that all salary expenditure is supported by complete payroll records, including approved payroll schedules, employee or beneficiary records, appointment or contract records, payment evidence and authorization records. Payroll records and related supporting documentation should be systematically maintained and retained for the required seven-year period in accordance with PFM Regulation No. 10.

Significance

Medium

Responsible directorate

Treasury Directorate / Human Resource Directorate / Director General, Ministry of Finance

Management response

The weaknesses are noted, documents will be retrieved in good time and provided to the auditors as necessary.

Auditor's Conclusion

We acknowledge management's response and look forward to better management of the process in the next audit cycle..

4.0 Grants to Other General Government Units

4.1 Partially supported transfers to Local Level Government

Observation

Condition

During testing of Grants to Other General Government Units, the audit noted Local Level Government transfers totalling **USD 698,107.00** where some supporting documents were provided; however, sufficient evidence was not provided to fully confirm receipt, completion, acknowledgement or accountability for the related Local Government transfers/services.

The audit observation specifically relates to incomplete supporting evidence for the transfers reviewed. As a result, the audit team could not fully confirm whether the amounts were properly authorized, received, completed, acknowledged or accounted for by the intended Local Government entities.

The detailed schedule of partially supported Local Level Government transfers/services is presented in **Annex 2**.

This is not in compliance with the requirement for grants, transfers and related services to be supported by complete, accurate and retrievable records showing authorization, payment, receipt, completion and accountability for use of funds.

Criteria

PFM Regulation No. 10 on Financial Record Filing, Safekeeping and Retention requires financial records to be well organized and classified in a systematic, logical and consistent manner to facilitate accurate and complete documentation retention and retrieval. The Regulation also requires supporting financial records to be properly maintained and retained for a period of seven years.

Accordingly, grants, transfers and services implemented for Local Level Government should be supported by complete and retrievable documentation, including approved payment documents, authorization records, payment evidence, transfer records, beneficiary acknowledgement receipts, district acknowledgement letters, service completion notes, completion certificates and accountability reports, where applicable.

Cause

Weaknesses in documentation, filing, retrieval and follow-up of supporting records for grants, transfers and services implemented for Local Level Government.

Effect

The audit team may not be able to fully confirm whether grants, transfers or services were properly authorized, received, completed, acknowledged or accounted for. This increases the risk of unsupported, inaccurate, irregular or unacknowledged transfers and services.

Recommendation

Management should strengthen documentation, filing and follow-up controls over grants, transfers and services implemented for Local Level Government. All such transactions should be supported by complete payment records, authorization documents, bank or transfer evidence, beneficiary acknowledgements, district acknowledgement letters, service completion notes, completion certificates and accountability reports, where applicable.

Management should also ensure that supporting documents are properly filed and made available on a timely basis during audit review.

Significance

Medium

Responsible directorate

Treasury Directorate / Director General, Ministry of Finance

Management response

Management has reviewed the audit observation and would like to clarify the matter under two separate categories:

Local Government Transfers amounting to USD 698,107.00

Regarding the **USD 698,107.00**, Management confirms that the supporting documentation for these transfers was made available to the audit team. However, the audit observation specifically refers to the absence of **District Acknowledgement Letters**.

Management would like to clarify that District Acknowledgement Letters are **not applicable to these particular transactions**. The funds were used for services and works implemented for Local Government entities through **companies contracted directly under the procurement arrangements managed by the Ministry of Finance**, in accordance with the Ministry's responsibility for government procurement.

Accordingly, the appropriate evidence of completion and delivery of the contracted services is the **Service Completion Note**, supported by the relevant procurement, contract, payment and financial documentation. Therefore, a District Acknowledgement Letter should not be considered a mandatory supporting document where the transaction relates to contracted services delivered by companies rather than a direct grant transferred for the District's independent use.

Based on the above clarification, **USD 698,107.00** should not be considered unsupported solely due to the absence of District Acknowledgement Letters, where the applicable supporting evidence, including **Service Completion Notes and relevant procurement and payment documentation**, has been provided.

Management remains available to provide any supporting documents again should the audit team require them for verification.

Auditor's Conclusion

We acknowledge management's response and clarification that the transactions related to services and works implemented for Local Government entities through companies contracted directly under procurement arrangements managed by the Ministry of Finance. However, the finding remains valid as **partially supported** for **USD 698,107.00**, pending audit review of sufficient evidence to fully confirm receipt, completion, acknowledgement or accountability for the related Local Government transfers/services.

5.0 Use of Goods and Services and acquisition of non-financial assets

5.1 Unsupported and partially supported goods, services, acquisition of non-financial assets and works payments

Observation

Condition

During the audit of payments for goods, services and works[19], payments totalling **USD 410,240.55** were not supported by documentation made available for audit review. The payments related to transportation services, meetings, refreshments, fuel, stationery, capacity building activities, local government services, water point rehabilitation, and wells / water holes works. The payment files lacked key supporting

documents required to confirm that the payments were properly requested, authorized, processed, delivered, completed and accepted. These included sourcing records, payment support, supplier invoices, goods received notes, activity reports, attendance sheets, beneficiary acknowledgement receipts, progress reports and certificates of completion, where applicable.
Further an amount of **USD 49,780** related to acquisition of non-financial assets lacked based supporting documents including and not limited to sourcing documentations, supplier invoices, Local purchase orders, specifications, goods received notes, delivery notes etc. additionally the acquisitions could not be independently verified by the auditors in relation to their existence.

Additionally, payments totaling **USD 2,119,865.00** were partially supported. While some supporting documents were provided, key evidence was not made available to confirm the full use of the funds. The missing documents included attendance sheets, activity reports, Goods Received Notes, delivery notes, and work completion certificates or reports, where applicable. As a result, the audit team was unable to fully verify whether the funds were used for the stated purpose, whether goods or services were received, whether activities were conducted, and whether works were completed as expected. The table below summarizes the unsupported and partially supported procurement-related payments;

Unsupported	USD 410,240.55	Annex 3
Unsupported acquisition of assets	USD 49,780	Annex 5
Partially supported	USD 2,119,865.00	Annex 4

This is not in compliance with the requirement for payments to be supported by complete, accurate and retrievable documentation showing authorization, procurement process, payment processing, receipt of goods, delivery of services, completion of works and acceptance before payment.

Criteria
PFM Act 2018, Section 30(7), requires each minister or head of a budgetary institution or agency to be responsible for the filing, maintenance and safekeeping of all documents related to public finance transactions. PFM Regulation No. 10 on Financial Record Filing, Safekeeping and Retention requires financial records to be well organized and classified in a systematic, logical and consistent manner to facilitate accurate and complete documentation retention and retrieval. PFM Act 2018, Section 24, requires all purchases of goods and services, including capital investments, to comply with the Public Procurement Act and enabling regulations.

Cause
Weaknesses in documentation, filing, review and retention of payment and procurement-related supporting records.

Effect
The audit team may not be able to confirm whether the payments were valid, accurately recorded, properly authorized, and supported by evidence of procurement, delivery, completion and acceptance. This increases the risk of unsupported, inaccurate, irregular or ineligible payments.

Recommendation

Management should strengthen documentation, filing and review controls to ensure that all procurement-related payments for goods, services and works are supported by complete records before payment is processed. Supporting records should include approved payment documents, procurement records, supplier invoices, goods received notes, delivery notes, activity reports, attendance sheets, beneficiary acknowledgement receipts, progress reports, completion certificates and evidence of acceptance, where applicable. All supporting records should be systemati[2]c[0]ally maintained and retained in accordance with PFM Regulation No. 10.

Significance

High

Responsible directorate

Treasury Directorate / Procurement Directorate / Relevant Spending Agencies

Management response

Management has reviewed the audit observation and proposes that the matter be considered under **two separate categories**, based on the nature and extent of the documentation gaps identified:

1. USD 410,240.55 – Unsupported Payments

Management acknowledges the documentation gaps identified under this category. The Treasury Directorate confirms that the **available internal supporting documents were provided to the audit team during the field audit**. and Also accepts the recommendation and will take the necessary corrective measures to address any remaining documentation gaps and strengthen the filing, review and retention of procurement-related records.

Management therefore accepts the **High significance** assigned to this category.

2. USD 2,119,865.00 – Partially Supported Payments

Management accepts the observation that some additional supporting documents were not available at the time of the audit review. However, Management would like to emphasize that the **core procurement and payment documentation was provided to the audit team**, and the audit observation itself confirms that these payments were **partially supported**.

The documents identified as missing—such as **attendance sheets, activity reports, Goods Received Notes, delivery notes, and work completion certificates/reports, where applicable**—represent additional evidence relating to delivery, activities and completion, rather than the absence of the underlying procurement and payment process.

Management remains committed to addressing the outstanding documentation and strengthening procurement documentation controls going forward.

Auditor's Conclusion

We acknowledge management's response and acceptance of the documentation gaps noted. The finding remains valid.
For **USD 410,240.55**, management accepted the unsupported category and the related significance. For **USD 2,119,865.00**, we acknowledge that some procurement and payment documents were provided; however, key supporting evidence required to fully confirm delivery, activity implementation, completion and acceptance was not available for audit review. Accordingly, this amount remains classified as partially supported pending submission and audit review of the outstanding documentation.

6.0. Procurement

6.1 Incorrectly coded and incomplete procurement procedure information in the approved procurement plan

Observation

Condition

The Procurement Regulation template requires the Procurement Plan to clearly present the procurement procedure and estimated value for each procurement action, together with planned procurement dates. The template also includes an overall Grand Total row. However, the approved HSS FY2025 Procurement Plan showed **"PREQ"** under the **Procurement Procedure** column and **"IFQ"** under the **Bidding Document** column. **"PREQ"** is not clearly identifiable as a standalone procurement method in the Regulation, while **"IFQ"** appears to be a bidding or quotation document rather than the procurement procedure itself.

21

In addition, the approved plan did not clearly present a complete overall Grand Total row. Accordingly, the approved Procurement Plan was not fully aligned with the Regulation template in terms of procurement procedure coding, separation between procurement method and bidding document, and presentation of the overall planned procurement total. The comparison between the Regulation template and the approved HSS Procurement Plan is presented in **Annex 6**. This is not in compliance with the requirement for procurement plans to clearly identify the proposed procurement method, estimated value and planned procurement information for each procurement action.

Criteria

PFM Act Section 21 requires procurement processes, including purchases and payments, to be carried out in accordance with the Public Procurement Regulation. PFM Act Section 24 further requires all purchases of goods and services, including capital investments, to comply with the Public Procurement Act and its enabling regulations. It also requires contracts to be reflected as closely as possible in the annual procurement plan, and procurement plans for different types of goods and services to be prepared in a manner consistent with the expenditure categories in the Budget Act.

The Procurement Regulation requires the Procurement Plan to identify the proposed method of procurement and estimated value for each contract, and to categorize procurement actions under goods, works, consultant services or non-consultant services. It also requires procurement to be carried out using the method approved in the Procurement Plan and subject to Procurement Committee oversight

Cause

Weaknesses in procurement plan preparation, review and approval, including use of non-standard procurement procedure terminology and incomplete alignment with the Regulation template.

Effect

Incorrect or unclear procurement procedure coding may make it difficult for management, the Procurement Committee and auditors to determine the approved procurement method, applicable threshold and related approval requirements. The absence of a clear Grand Total row also weakens completeness checks and oversight over the total planned procurement value.

Recommendation

Management should review the approved Procurement Plan format and ensure that the **Procurement Procedure** column clearly states the applicable procurement method recognized under the Procurement Regulation, such as Competitive Bidding, Shopping, QCBS, CQS, SSS or any other legally approved method. Where pre-qualification is required, it should be documented as a procurement step, while the actual procurement method should still be clearly stated. Management should also ensure that future procurement plans include complete estimated values, planned procurement dates and an overall Grand Total row. The Procurement Committee should review the plan before approval to confirm that procurement methods, bidding documents, thresholds and planned values are properly presented and aligned with the Regulation.

Significance

Medium

Responsible directorate

Procurement Directorate / Procurement Committee / Director General, Ministry of Finance

Management response

Management acknowledges the audit observation and **accepts the recommendation**. Management recognizes the importance of ensuring that the approved Procurement Plan is fully aligned with the applicable Procurement Regulation and uses clear and standardized procurement terminology.

The Procurement Directorate will ensure that future Procurement Plans clearly distinguish between the **procurement method/procedure** and the **bidding or solicitation document**, and that the applicable procurement method is properly stated in accordance with the approved regulatory framework.

22

Management will also ensure that future Procurement Plans include complete **estimated values, planned procurement dates, procurement categories, and an overall Grand Total**, and that the Procurement

Committee reviews the plan prior to approval to ensure completeness, accuracy and compliance with the applicable requirements. The identified issues will be addressed in subsequent Procurement Plans, and appropriate internal review controls will be strengthened to prevent similar issues from recurring.
Auditor’s Conclusion
We acknowledge management’s acceptance of the finding and the planned corrective actions. The finding remains valid for FY2025, as the approved Procurement Plan reviewed during the audit was not fully aligned with the Procurement Regulation template. Management’s commitment to improve future Procurement Plans and strengthen Procurement Committee review controls is noted and will be followed up in the next audit.

6.2 Inappropriate use of Shopping method for procurements requiring Competitive Bidding

Observation

Condition

During procurement testing, the audit noted that procurement transactions totaling **USD 1,144,534.00** were processed using the Shopping method. However, based on the value and nature of the procurements, the transactions exceeded the threshold for Shopping and should have been processed through Competitive Bidding or another appropriate procurement method approved in accordance with the Procurement Regulation.

The Procurement Regulation provides that Shopping is a quotation-based method involving comparison of price quotations from several suppliers or contractors, with a minimum of three quotations. The Regulation further provides that Shopping may be used where the estimated contract value is **USD 10,000 or less**. For higher-value procurements, the Regulation emphasizes open, fair and competitive procedures, with Competitive Bidding being the main procurement approach for goods, works and non-consultant services unless another method is properly justified and approved.

However, the audit file did not provide sufficient evidence to justify the use of Shopping for the sampled transactions. The audit team was not provided with adequate evidence showing that the transactions were within the allowable Shopping threshold, that the procurements were not split to avoid Competitive Bidding, or that the use of Shopping was formally justified and approved. As a result, the procurement method applied was not appropriate for the value of the procurements and was not consistent with the competition requirements of the Procurement Regulation. The detailed schedule of procurements where the Shopping method was used for transactions requiring Competitive Bidding is presented in **Annex 7**.

Criteria

PFM Act Section 24 requires all purchases of goods and services, including capital investments, to comply with the Public Procurement Act and its enabling regulations. Procurement Regulation Section 4.2.3 provides that open competition is the basis for efficient public procurement and, where possible, goods, works and non-consultant services should be obtained through Competitive Bidding open to eligible suppliers and contractors. Section 4.2.4 further provides that where Competitive Bidding is not the most appropriate procurement method, other methods may be used only in the circumstances described in the Regulation, and the particular method to be followed must be set out in the approved Procurement Plan and approved by the Procurement Committee. Procurement Regulation Section 4.25.3 provides that Shopping is a quotation-based procurement method involving comparison of price quotations from several suppliers or contractors, with a minimum of three quotations. Shopping may be used where the estimated contract value is **USD 10,000 or less**.

Cause

Weaknesses in procurement planning, method selection, threshold review and Procurement Committee oversight before procurement actions were undertaken.

Effect

Use of Shopping for procurements requiring Competitive Bidding reduces open competition and may limit transparency, value for money and fairness in supplier selection. It also increases the risk of non-compliance with the Procurement Regulation and may result in inappropriate or irregular procurement awards.

Recommendation

Management should ensure that procurement methods are selected and applied in accordance with the PFM Act and Procurement Regulation. Goods, works and non-consultant services should be procured through Competitive Bidding where required, unless another method is justified under the Regulation and approved in the Procurement Plan by the Procurement Committee. Where Shopping or another non-competitive or limited method is used, management should ensure that the procurement file clearly documents the justification, applicable threshold, quotations received, evaluation, approval and award decision.

Significance

High

Responsible directorate

Procurement Directorate / Procurement Committee / Director General, Ministry of Finance

Management response

Management respectfully clarifies that the procurements referred to in this finding relate to **World Bank-funded projects**, which are subject to the **World Bank's specific procurement framework and approved procurement procedures**. These projects have their own applicable procurement requirements, including the use of the **Shopping method where permitted under the approved World Bank procurement process**.

Accordingly, the procurement method applied was based on the applicable **World Bank procurement procedures** rather than solely on the thresholds and methods provided under the Government's general Procurement Regulation.

Management therefore respectfully requests that the **USD 1,144,534.00** relating to World Bank-funded projects be reassessed and **removed from this finding**, as the procurements were conducted in accordance with the applicable World Bank procurement framework and approved project procedures.

Auditor's Conclusion

We acknowledge management's clarification that the procurements relate to World Bank-funded projects. The audit also notes that World Bank procurement thresholds are project/country-specific and should be determined from the approved project Procurement Plan and applicable World Bank procurement procedures.

The finding remains valid pending management's submission of evidence showing that the Shopping / Request for Quotations method was permitted for the sampled procurements under the approved World Bank project Procurement Plan, including applicable thresholds and procurement approvals/no-objections where required. If sufficient evidence is provided, the audit team will reassess the treatment of the **USD 1,144,534.00.**

7.0 Fixed Assets

7.1 Weaknesses noted in the management of fixed assets

Observation

Condition

Despite being raised in the previous year, the audit review revealed that Hirshabelle State has not fully addressed key deficiencies in fixed asset management. Specifically: 1. No complete fixed asset inventory register was provided to show the assets owned by the State, their values, condition, location, custody or the entities to which they are allocated. 2. Capital assets were not tagged or labelled with permanent identification numbers for traceability. 3. There was no evidence of periodic asset verification or physical counts to confirm the existence and condition of State-owned assets. 4. The State has not fully operationalized the Centralized Asset Management System (AMS) required for proper asset recording and monitoring. This lack of compliance undermines accountability, safeguarding, tracking and visibility of government assets.

Criteria PFM Regulation No. 9 on Capital Asset Policy requires the following: Sections 4.1.1 and 4.1.2 require all new assets to be registered in the Centralized Capital Asset Register using a standardized Capital Asset Maintenance Form. Section 4.2.1 requires assets to be tagged with a permanent label and issued a unique identification number. Sections 5.3.1 and 5.3.2 require annual physical inventory counts to ensure asset records remain accurate. Section 3.3 requires the Ministry of Finance to maintain a centralized and electronic Capital Asset Register as the25official register of government-owned assets.

Cause Weak implementation of the Capital Asset Policy, limited enforcement of asset management procedures, and lack of coordination between user entities and the Ministry of Finance for centralized registration, tagging and verification of assets. **Effect** The weaknesses increase the risk of asset loss, theft, misuse or misappropriation. They also impair decision-making on asset maintenance, replacement and disposal, and may affect the completeness and reliability of asset records and financial reporting.
Recommendation
We recommend that the Ministry of Finance prioritize the full operationalization of the Capital Asset Register and Asset Management System in line with PFM Regulation No. 9. Management should ensure that all State-owned assets are properly recorded, assigned unique identification numbers, physically tagged and periodically verified.
Significance
Medium
Responsible directorate
Procurement Directorate
Management response
The Procurement Department acknowledges the audit observation on weaknesses in fixed asset management. Management confirms that while historical asset data has been maintained in Excel, the full implementation of the Asset Management System (AMS) is currently in progress and will be completed in this year. Once operational, all assets will be registered, tagged with unique identification numbers, and updated regularly to ensure compliance with the PFM Law 2018 and strengthen accountability, safeguarding, and visibility of State-owned assets.
Auditor's Conclusion
We acknowledge management's response and the ongoing efforts to implement the Asset Management System. However, the finding remains valid, as a complete fixed asset register, asset tagging evidence, unique identification records and periodic physical verification evidence were not provided for audit review. The finding will be followed up in the next audit pending full operationalization of the AMS and implementation of asset tagging and verification controls.

8.0 Accounting and Financial Reporting

8.1 Weak controls over journal entries and lack of supporting documentation

Observation
Condition During the year under review, journal entries totaling **USD 1,362,396.98** were passed. The journal entries related to different expenditure categories, including construction materials, security sector, consulting and professional fees, daily meals, contract employees, basic civil service salaries, political appointees' salary, and grants to Local Level Government. We noted that no documentary evidence was provided to support the journal entries. In addition, management did not provide evidence of a documented journal entry preparation, review, approval and filing process. This indicates a broader control weakness over journal entries. Consequently, the audit team was unable to obtain sufficient assurance over the validity, accuracy and authorization of the journal entries and the journal entry preparation process. 26 This is not in compliance with the requirement for transactions and adjustments recorded in the financial records to be supported by adequate documentation and subjected to proper preparation, review and approval controls.

Criteria
Regulation No. 6 on Establishing Accounting and Reporting Standards, paragraph 4.4 on Authorization and Approval, requires authorization and approval procedures to prevent invalid transactions from occurring. The regulation provides that such controls apply to both computerized and manual transactions, including signatures of authorized individuals or automated authorization controls for computerized transactions. Paragraph 4.6 on Transactional Reviews further requires transactional reviews to check the validity and accuracy of transaction processing. PFM Regulation No. 10 on Financial Record Filing, Safekeeping and Retention requires financial records to be well organized and classified in a systematic, logical and consistent manner to facilitate accurate and complete documentation retention and retrieval.

Cause
Weaknesses in the preparation, review, approval, filing and retention of supporting documentation for journal entries.

Effect
Unsupported and inadequately controlled journal entries increase the risk of invalid, inaccurate or unauthorized adjustments being processed through the general ledger without detection. This may result in misclassification or misstatement of receipts, payments, cash balances and other financial statement balances. It also increases the risk of management override of controls.

Recommendation

Management should ensure that all journal entries are supported by appropriate underlying documentation, schedules and explanations before posting. Journal entries should be subject to documented preparation, review and approval controls, whether through authorized signatures or controlled FMIS authorization workflows. Supporting documentation and approval evidence should be properly filed and retained for audit verification. Any journal entries subsequently determined to be invalid, inaccurate or incorrectly classified should be corrected or reversed, as appropriate.

Significance

High

Responsible directorate

Treasury Directorate / Director General, Ministry of Finance

Management response

Management acknowledges the audit observation and **accepts the recommendation**. The Treasury Directorate will strengthen controls over journal entries by ensuring that all entries are properly supported, reviewed and approved before posting in FMIS, with supporting documentation systematically maintained for audit purposes.

Management will also establish a clear process for the **preparation, review, approval and filing of journal entries**, and will correct or reverse any entries identified as inaccurate or incorrectly classified.

Auditor's Conclusion

We acknowledge management's acceptance of the finding and planned corrective actions. The finding remains valid for FY2025, as the audit noted journal entries without sufficient supporting documentation and without evidence of a documented preparation, review, approval and filing process. Management's commitment to strengthen journal entry controls is noted and will be followed up in the next audit.

9. Misclassification

9.1 Misclassification of expenditure

Observation

Condition

27

Our audit testing identified expenditure transactions amounting to at least **USD 334,988.00** that were incorrectly classified in the financial statements.
The transactions were recorded under incorrect expenditure ledgers. Specifically, amounts relating to Diesel and oil, Vehicle rent, Rent, and Fees for service provider were charged to other expenditure

classifications such as Maintenance and repair, Refreshments, Baahiya kala duwan, and Maintenance and repair of furniture.

The misclassification affects the accuracy and appropriate presentation of expenditure in the relevant financial statement classifications and indicates that the underlying transactions were not consistently classified in accordance with the applicable financial reporting requirements.

Voucher	Ledger	Misclassification	Amount USD
25/00000787 PV	Diesel and oil	Maintenance and repair	75,000.00
25/00001144 PV	Vehicle rent	Rreshment	8,932.00
25/00001864 PV	Rent	Baahiya kala duwan	50,000.00
25/00001438 PV	Maintenance and repair of furniture	Diesel and oil	169.00
25/00000889 PV	Maintenance and repair of furniture	Diesel and oil	887.00
25/00001864 PV	Fees for service provider	Baahiya kala duwan	200,000.00
Total		noted – list not exhaustive	**334,988.00**

This is not in compliance with the requirement for expenditure transactions to be recorded and reported under the appropriate budget and economic classifications in accordance with the approved budget classification structure.

Recommendation

Management should review the classification errors identified by the audit, take appropriate corrective action where practicable, and strengthen controls to ensure that future expenditure transactions are classified correctly in IFMIS and reported under the appropriate budget and economic classifications in accordance with PFM Regulation No. 2, Section 2.1.

Significance

Medium

Responsible directorate

Budget Directorate / Director General

Management response

Management acknowledges the observation and agrees with the recommendation to strengthen expenditure classification controls in accordance with **PFM Regulation No. 2**. The identified classification issues will be reviewed and, where applicable, corrected through the appropriate IFMIS adjustment procedures.

Management further notes that the identified amount represents the transactions tested by the audit team and should not automatically be interpreted as evidence that the entire expenditure population is misclassified. The Treasury and Budget Directorates will strengthen the review and coding process to ensure that future transactions are posted under the correct budget and economic classifications.

Management therefore accepts the recommendation and will take appropriate corrective measures to improve the accuracy and consistency of expenditure reporting.

Auditor's Conclusion

We acknowledge management's response and acceptance of the recommendation. The finding remains valid for the tested transactions totaling **USD 334,988.00**. We also acknowledge that the amount relates to items identified during audit testing and is not automatically applied to the entire expenditure population.

Based on the nature of the issue as classification and coding errors, the significance is retained as **Medium**, subject to management correcting the identified misclassifications and strengthening IFMIS coding review controls.

10.0 Budget

10.1 Unsupported changes between original and final budget, including virements exceeding the 10% threshold

Observation

Condition

Management confirmed that no supplementary budget was prepared or approved during FY2025. However, the FY2025 Statement of Comparison of Budget and Actual Amounts presented in the financial statements shows that the Final Budget increased compared to the Original Budget. Total Payments/Outflows increased from **USD 40,146,593** to **USD 44,692,300**, representing an increase of **USD 4,545,707**, while total Receipts/Inflows increased from **USD 40,146,593** to **USD 44,295,594**, representing an increase of **USD 4,149,001**. Furthermore, comparison of the Original Budget and the Final Budget identified several budget line reallocations, or virements, that exceeded the **10%** virement threshold. Management did not provide approved supplementary budget documentation, approved virement schedules, or other evidence demonstrating that the increases to the Final Budget and the budget reallocations had been duly authorized in accordance with the Public Financial Management framework. The detailed schedule of budget lines exceeding the 10% virement threshold is presented in **Annex 8**. This is not in compliance with the requirement that amendments to the approved budget and budget reallocations should be properly authorized, justified, documented and approved in accordance with the applicable Public Financial Management framework.

Criteria

Section 19 of the Public Financial Management Act, 2018 on Supplementary Budgets and Mid-Year Review provides that the Approved Budget may only be amended through a supplementary budget approved by Parliament. The Act further requires that the preparation, approval and execution of a supplementary budget be governed by the same rules applicable to the approval and execution of the Consolidated Budget. In addition, where necessary, the Minister shall submit a supplementary budget to Parliament by **15 July** of the relevant fiscal year, and Parliament shall approve such supplementary budget no later than **31 August** of that fiscal year. Furthermore, budget reallocations, or virements, should be implemented in accordance with the applicable provisions of the Public Financial Management framework governing budget execution and virement limits. Any changes to approved budget allocations should be properly authorized, justified and documented before implementation.

Cause

Weaknesses in budget amendment, virement approval, documentation and review controls before changes were reflected in the Final Budget presented in the financial statements.

Effect

Unsupported changes between the Original Budget and Final Budget may undermine budget discipline, transparency and parliamentary oversight. Virements exceeding the approved threshold without evidence of authorization may result in expenditure being implemented outside the approved budget framework and may reduce the reliability of the Statement of Comparison of Budget and Actual Amounts.

Recommendation

Management should ensure that any amendment to the approved budget is supported by a duly approved supplementary budget in accordance with Section 19 of the PFM Act. Budget reallocations should be processed only within the approved virement limits an2d9 should be supported by approved virement schedules, justification and evidence of authorization before being reflected in the Final Budget. Management should review the FY2025 differences between the Original Budget and Final Budget, provide supporting approval documents, and correct the financial statements where unsupported changes cannot be justified.

Significance

High

Responsible directorate

Budget Directorate / Treasury Directorate / Director General, Ministry of Finance

Management response

The Budget Department acknowledges the **11.3% movement between the Original and Final Budget**. However, Management clarifies that this movement was **not solely attributable to virements**. During FY2025, additional **off-budget projects and related funding received during the year** were incorporated into the budget through **approved budget vouchers and the applicable budget execution procedures**.

Management will continue to strengthen budget control mechanisms to ensure that all budget adjustments are properly documented, authorized and reflected in the financial statements. The Budget Department will also ensure that **virements remain within the prescribed 10% threshold**, while any additional funding received during the year is properly supported, approved and incorporated through the appropriate legal and budgetary procedures.

Management remains committed to strengthening budget discipline, transparency and compliance with the PFM framework.

Auditor's Conclusion

We acknowledge management's explanation that the 11.3% movement between the Original and Final Budget was not solely attributable to virements and that additional off-budget projects and funding were incorporated during the year through budget vouchers and budget execution procedures.
However, the finding remains valid pending audit review of the approved budget vouchers, supporting approval documents, evidence of the additional funding received, and documentation showing that virements were within the prescribed 10% threshold or otherwise duly authorized in accordance with the PFM framework. Management's commitment to strengthen budget controls and documentation is noted.

11. Annexes / Supporting Schedules

Annex 1: Unsupported or insufficiently supported revenue receipts

WP Ref	Voucher	Amount USD	Exception
B5	25/00000798 RV	50,000.00	No bank deposit slip
B5	25/00000799 RV	50,000.00	No bank deposit slip
B5	25/00002101 RV	50,000.00	No bank deposit slip
B5	25/00002102 RV	50,000.00	No bank deposit slip
B5	25/00002104 RV	50,000.00	Unsupported
B5	25/00000414 RV	40,000.00	No bank deposit slip
B5	25/00002152 RV	33,400.00	No bank deposit slip
B5	25/00001148 RV	28,474.60	No merchant registration
B5	25/00001377 RV	21,919.46	No merchant registration
B5	25/00002265 RV	19,000.00	No bank deposit slip
B5	25/00001146 RV	17,644.00	No bank deposit slip
B5	25/00002133 RV	10,000.00	No bank deposit slip / no merchant slip
	Total	**420,438.06**	

Annex 2: Missing district acknowledgement letters for Local Level Government transfers

Voucher No.	Funder/Client	Amount (USD)	Acknowledgement Received
25/00000184 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	31,070.00	No
25/00000352 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	18,720.00	No
25/00000441 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	20,530.00	No
25/00000585 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	10,500.00	No
25/00000661 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	14,156.00	No
25/00001021 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	15,966.00	No
25/00001210 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	16,700.00	No
25/00001222 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	10,000.00	No
25/00001311 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001312 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001337 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	10,000.00	No
25/00001381 PV	JIDHAAYE OFFICE EQUIPMENT & STATIONARY COMPANY	50,000.00	No
25/00001519 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001520 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001523 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001524 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001525 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001526 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001530 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	6,580.00	No
25/00001573 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	46,000.00	No
25/00001739 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	8,885.00	No
25/00000063 PV	JUUQ YARE GENERAL SERVICE COMPANY-DHSB	35,000.00	No
25/00001307 PV	Dowlada Hoose ee Degmada Warshiik$_3$h$_1$	13,000.00	No
25/00001568 PV	Dowlada Hoose ee Degmada Warshiikh	10,000.00	No

25/00001626 PV	Dowlada Hoose ee Degmada Warshiikh	13,000.00	No
Total		**698,107.00**	

Annex 3: Unsupported payments for goods and services

WP Ref	Voucher / Description	Amount USD	Exception
B10	25/00000068 PV – Transportation services for teams	19,600.00	Unsupported; no bank/payment evidence, invoice, timesheets or report
B10	25/00000167 PV – Transportation services for teams	16,269.79	Unsupported; no bank/payment evidence, invoice, timesheets or report
B10	25/00000182 PV – Shirar Gudaha Wasaaradda Xanaanada Xoolaha	33,222.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence, invoice, timesheets or report
B10	25/00000335 PV – Refreshment for community	10,000.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence, invoice, timesheets or report
B10	25/00000181 PV – Shidaalka Wasaaradda Amniga	42,800.00	Unsupported; no CPO, CV, PR, IFMIS check, bank/payment evidence or invoice
B10	25/00000364 PV – Refreshment & lunch for Ministry of Humanitarian	37,643.76	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence, invoice, timesheets or report
B10	25/00000398 PV – Refreshment, lunch and hall rent	13,916.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence, invoice, timesheets or report
B10	25/00000654 PV – Refreshment	22,310.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence, invoice, timesheets or report
B10	25/00000655 PV – Refreshment	22,310.00	Unsupported; no bank check, payment evidence, invoice, timesheets or report
B10	25/00001376 PV – Refreshment	47,500.00	Unsupported; no bank check, payment evidence, invoice, timesheets or report
B10	25/00001618 PV – Stationery	16,480.00	Unsupported; no bank check, payment evidence, invoice or goods received note
B10	25/00001438 PV – Shidaalka Barlamaanka	169.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence or invoice
B10	25/00000165 PV – Gasoline and vehicle maintenance	1,200.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence or invoice

WP Ref	Voucher / Description	Amount USD	Exception
B10	25/00001752 PV – Capacity building for small-pastoral communities	31,040.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence or timesheets
B10	25/00001572 PV – Adeega Dowlada Hoose	46,000.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence, invoice or acknowledgement received
B10	25/00000171 PV – Water points rehabilitation	25,480.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence, invoice, report or certificate of completion
B10	25/00001391 PV – Wells and water holes	24,300.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, payment evidence, invoice, report or certificate of completion
	Total	**410,240.55**	

Annex 4: Partially supported payments for goods and services

WP Ref	Voucher / Description	Amount USD	Exception
B10	25/00001648 PV – Adeega Caafimaadka	400,000.00	Partial support; no attendance sheets and no report
B10	25/00001649 PV – Adeega Caafimaadka iyo Wacyigelin Caafimaad	100,000.00	Partial support; no attendance sheets and no report
B10	25/00001649 PV – Adeega Caafimaadka iyo Wacyigelin Caafimaad	500,000.00	Partial support; no attendance sheets and no report
B10	25/00001427 PV – Short-term transportation support for medical and vaccine supplies	24,000.00	Partial support; no attendance sheets and no report
B10	25/00000536 PV – Dib u heshiisiin	7,485.00	Partial support; no attendance sheets and no report
B10	25/00000537 PV – Dib u heshiisiin	27,850.00	Partial support; no attendance sheets and no report
B10	25/00000545 PV – Dib u heshiisiin	32,215.00	Partial support; no attendance sheets and no report
B10	25/00000546 PV – Dib u heshiisiin	14,600.00	Partial support; no attendance sheets and no report
B10	25/00000593 PV – Dib u heshiisiin	16,250.00	Partial support; no attendance sheets and no report
B10	25/00001016 PV – Dib u heshiisiin	100,000.00	Partial support; no attendance sheets and no report
B10	25/00001019 PV – Dib u heshiisiin	71,000.00	Partial support; no attendance sheets and no report
B10	25/00001131 PV – Dib u heshiisiin	19,853.00 [33]	Partial support; no attendance sheets and no report
B10	25/00001173 PV – Dib u heshiisiin	22,800.00	Partial support; no attendance sheets and no report

WP Ref	Voucher / Description	Amount USD	Exception
B10	25/00001204 PV – Dib u heshiisiin	19,000.00	Partial support; no attendance sheets and no report
B10	25/00001284 PV – Dib u heshiisiin	14,264.00	Partial support; no attendance sheets and no report
B10	25/00001518 PV – Dib u heshiisiin	5,000.00	Partial support; no attendance sheets and no report
B10	25/00001532 PV – Dib u heshiisiin	26,700.00	Partial support; no attendance sheets and no report
B10	25/00001603 PV – Dib u heshiin	23,173.00	Partial support; no attendance sheets and no report
B10	25/00001612 PV – Dib u heshiin	18,380.00	Partial support; no attendance sheets and no report
B10	25/00001571 PV – Adeega Dowlada Hoose	46,000.00	Partial support; no acknowledgement letter received
B10	25/00000794 PV – Qalab xafiiseedka madaxtooyada	50,000.00	No Goods Received Note as evidence of receipt of goods
B10	25/00001015 PV – Stationery	15,900.00	No Goods Received Note as evidence of receipt of goods
B10	25/00001020 PV – Stationery	33,000.00	No Goods Received Note as evidence of receipt of goods
B10	25/00001678 PV	50,000.00	No Goods Received Note as evidence of receipt of goods
B10	25/00001700 PV	30,000.00	No Goods Received Note as evidence of receipt of goods
B10	25/00001009 PV	12,775.00	No Goods Received Note as evidence of receipt of goods
B10	25/00000523 PV	18,620.00	No Goods Received Note as evidence of receipt of goods
B10	25/00000815 PV	21,000.00	No Work Completion Certificate/Report
B10	25/00001635 PV	400,000.00	No Work Completion Certificate/Report
	Total per listed items	**2,119,865.00**	

Annex 5: Unsupported non-financial asset expenditure

WP Ref	Voucher / Description	Amount USD	Exception
B10A	25/00001391 PV	24,300.00	Unsupported; no CPO, CV, PR, IFMIS check, bank check, invoice, report, certificate of completion or asset tag
B10A	25/00000171 PV	25,480.00 34	Unsupported; no CPO, CV, PR, IFMIS check, bank check, invoice, report, certificate of completion or asset tag
	Total	**49,780.00**	

Annex 6: Comparison of Procurement Plan Presentation with Regulation Template

Approved Procurement Plan for Period 1st January to 31st December 2025

ID	Work plan Ref	Description	Procurement Entity	Budgeted Amount	Procurement	Responsible person: Procurement Director					Planned Dates
				(In USD)	Procedure	Biding Document	Process Manager	Issue Bidding Document	Bid closing	Contract Award	Contract Completion
Procurement of Goods											
1.0	Annex 9	Stationary	MOF Procurement Department	251,350.	PREQ	IFQ	MOF Procurement Director	10TH NOVEMBR 2024	10TH DECEMBER 2024	1ST JANUARY 2025	31ST DECEMBER 2025

Attachment 3. Sample Procurement Plan and Amendment Form

ID	Description	Budgeted Amount	Procurement	Planned Dates			
		(In USD)	Procedure	Issue Bidding Documents	Bid closing	Contract Award	Contract Completion
			CB, S, QCBS, CQS and SSS				
	GRAND TOTAL	**GRAND TOTAL**					

Annex 7: Inappropriate use of Shopping method for procurements requiring Competitive Bidding

Voucher	Client Name	Amount	procurement procedures
25/00001426 PV	ARWAAX RESTAURANT AND CAFETERIA	20,000.00	RFQ
25/00000493 PV	IBG SUPPLY AND LOGISTICS	22,814.40	RFQ
25/00001427 PV	Maria Transportation & Logistics Service	24,000.00	RFQ
25/00001425 PV	JOWHAR HOTEL AND CAFETERIA	20,000.00	RFQ
25/00001442 PV	Access Enterprise	40,000.00	RFQ
25/00001740 PV	Barwaaqo Hotel and Restaurant	19,400.00	RFQ
25/00000561 PV	ARWAAX RESTAURANT AND CAFETERIA	24,250.00	RFQ
25/00000492 PV	ENERPELL LTD COMPANY	31,602.60	RFQ
25/00000927 PV	ENERPELL LTD COMPANY	21,286.00	RFQ
25/00001200 PV	JOWHAR HOTEL AND CAFETERIA	20,000.00	RFQ
25/00000851 PV	ROYAL GENERAL TRADING COMPANY	1,800.00	RFQ
25/00000402 PV	BEDER HOTEL & RESTAURANT SSB	29,204.00	RFQ

25/00000449 PV	BARWAAQO HOTEL RESTAURANT & CAFE	29,100.00	RFQ
25/00000832 PV	JOWHAR HOTEL AND CAFETERIA	20,000.00	RFQ
25/00000559 PV	JOWHAR HOTEL AND CAFETERIA	11,640.00	RFQ
25/00000563 PV	SIGAALE CONSULANT FIRM	38,800.00	RFQ
25/00000840 PV	JOWHAR HOTEL AND CAFETERIA	20,000.00	RFQ
25/00001009 PV	Alaale Construction Logistic Supply Company SSB	12,775.00	RFQ
25/00001430 PV	Alaale Construction Logistic Supply Company	32,000.00	RFQ
25/00001443 PV	ONKOD GENERAL TRADING COMPANY	40,000.00	RFQ
25/00001464 PV	Suubiye Hotel & Restaurant	22,795.00	RFQ
25/00001644 PV	ENERPELL LTD COMPANY	15,520.00	RFQ
25/00001690 PV	ROYAL GENERAL TRADING COMPANY	23,280.00	RFQ
25/00001691 PV	ONKOD GENERAL TRADING COMPANY	38,800.00	RFQ
25/00001285 PV	ENERPELL LTD COMPANY	140,950.00	RFQ
25/00001285 PV	ENERPELL LTD COMPANY	69,158.00	RFQ
25/00001421 PV	ENERPELL LTD COMPANY	17,000.00	RFQ
25/00000161 PV	Alaale Construction Logistic Supply Company SSB	125,000.00	RFQ
25/00000161 PV	Alaale Construction Logistic Supply Company SSB	68,109.00	RFQ
25/00001741 PV	Dhiblaawe General Service Company	38,800.00	RFQ
25/00001742 PV	GREEN HOTEL RESTAURANT AND CAFETERIA	13,580.00	RFQ
25/00001398 PV	Alaale Construction Logistic Supply Company	34,200.00	RFQ
25/00001625 PV	ORBIT CARS TRADING LLC	15,000.00	RFQ
25/00001625 PV	ORBIT CARS TRADING LLC	6,750.00	RFQ
25/00001481 PV	Sahan general service	21,000.00	
25/00001483 PV	Yabaal Logistics and General Service Company	15,920.00	
Total		**1,144,534.00**	

Annex 8: Budget lines exceeding 10% virement threshold

Virement is assessed by comparing the Original Budget to the Final Budget. Actual expenditure is used separately to assess budget execution. Management stated that there was no supplementary budget in FY 2025; therefore, movements from Original to Final Budget require approved virement schedules, budget revision approvals, supplementary appropriation, or other legal authorization.

Budget Line	Original Budget USD	Final Budget USD	Virement Amount USD	Virement %	10% Allowable USD	Excess Above 10% USD
Use of Goods and Services	14,768,825	18,501,338	3,732,513	25.3%	1,476,883	2,255,631
Operating Expenses	4,079,974	6,098,089	2,018,115	49.5%	407,997	1,610,118
Grants – Receipts/Inflows	32,120,569	36,269,369	4,148,800	12.9%	3,212,057	936,743
Travel & Conferences	2,001,676	3,131,274	1,129,598	56.4%	200,168	929,430
Payments/Outflows	40,146,593	44,692,300	4,545,**707**	11.3%	4,014,659	531,048
Conflict Resolution Expenses	1,167,286	805,620	(361,666)	31.0% decrease	116,729	244,937
Rent	288,480	501,116	212,636	73.7%	28,848	183,788
Receipts/Inflows	40,146,593	44,295,594	4,149,001	10.3%	4,014,659	134,342
Miscellaneous Other Expense	1,007,825	796,875	(210,950)	20.9% decrease	100,783	110,168
Other Expenses	1,011,325	800,375	(210,950)	20.9% decrease	101,133	109,818
Other Operating Expenses	7,201,410	7,934,759	733,349	10.2%	720,141	13,208

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

Hirshabelle State of Somalia

CONSOLIDATED & MINISTERIAL FINANCIAL STATEMENTS OF THE HIRSHABELLE STATE OF SOMALIA

For the Year Ended 31 December 2025

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

Prepared by the Ministry of Finance & Economic Development

Hirshabelle State of Somalia

Table of Contents

List of Tables

List of Charts

Ref: W/WMHD/DGHS/015/2026 **Jowhar** **Date: 15 March -2026**

To: Office of Auditor General

Subject: Statement of Certification - 2025 Financial Statements

I hereby certify that the financial statements of the Hirshabelle Ministry of Finance and Economic Development for the fiscal year ended December 31, 2025, have been prepared in accordance with the applicable financial reporting framework, accounting standards, and regulatory requirements.

We confirm that these financial statements present a true and fair view of the financial position, performance, and cash flows of the Ministry for the stated period.

The preparation of these statements has been conducted with diligence, ensuring that all relevant financial transactions have been properly recorded and that internal controls have been maintained to safeguard the integrity and accuracy of financial reporting.

This certification is made in good faith and with full accountability, in accordance with our roles and responsibilities in financial management and oversight

H.E: Abdiraxin Isse Adow
Minister of Finance and Economic Development
Hirshabelle State

DOWLADDA HIRSHABELLE
HIRSHABELLE STATE OF SOMALIA

Executive Summary

Overview of the Financial Statements

The Financial Statements of the Hirshabelle State of Somalia provides a record of cash receipts, cash payments, budget execution, and cash balances over the financial year 2025 as outlined in the Statement of Receipts and Payments and the Statement of Comparison of Budget and Actual Amounts. The Financial Statements further summarize all financial transactions for the year ended 31st December 2025 and the HSS cash position at 31 December 2025. These statements have been prepared by the Treasury Department of the Ministry of Finance of Hirshabelle State of Somalia and includes financial information related to all Hirshabelle State Ministries, Departments and Agencies (MDAs).

The 2025 financial statements focus on reporting, primarily budgeted activities of the HSS for which an Annual Budget Statement was prepared for and authorized by the Hirshabelle State's parliament for the 2025 fiscal year. The budget and annual financial statements are produced to support HSS strategic business and financial decisions critical to the fiscal and economic wellbeing of the state. The annual reports include the financial and budget activities of MDAs which directly and indirectly receive budget allocations from the State.

Disclosure has also been made on the extrabudgetary funds consolidating the financial information that MDAs have provided in respect of their extrabudgetary transactions.

Format of the Financial Statements and additional disclosures

Financial statements of the Hirshabelle State of Somalia have been prepared on a cash basis with activities and related transactions recognized when cash is received, and payments are made. The financial statements for the financial year have been compiled and presented to make a fair presentation of HSS State financial information and have been prepared in compliance with Part 1 of the IPSAS Cash Basis of Accounting which requires the following mandatory information to be disclosed:

Statement of Cash Receipts and Payments

This is a statement of financial performance and shows total cash receipts, total cash payments, and the resulting net increase or decrease in cash (the difference between total receipts and total payments) for the year. The statement provides information on the HSS sources of revenue and cash payments made for government activities.

Statement of Comparison of Budget and Actual Amounts by Economic Nature

The statement of comparison of budget and actual amounts presents a comparison of the budget amounts and the actual amounts for the year based on the GFS economic classification. The statements are prepared to provide information on the extent to which payments were made in accordance with the approved budget.

Accounting Policies

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

Explanatory Notes to the Financial Statements

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

Additional Disclosures

In order to meet the requirements under Article 49 of the PFM Act (2018) and also to provide further information to the financial statements reported under IPSAS, Cash Basis of Accounting, the following additional disclosures have been provided so as to provide more information necessary for accountability and decision-making purposes.

Statement of Cash flow

The statement of cash flow presents the movements of cash during the year resulting from operating, investing, and financing activities. This statement includes information on how cash has been raised and used during the year, including borrowing and repayment of borrowing, and the acquisition and disposal of fixed assets.

Summary of Financial Results

Financial Statement Highlights and Analysis

Table 1: Summary of Financial Performance

	2025 USD	2024 USD
Revenue	24,366,045	19,477,199
Expenditure	23,656,846	19,447,196
Surplus	709,199	30,003
% Change in Revenue	**25%**	
Original Budget	40,146,593	20,013,663
Revised Budget	44,692,300	32,324,522
Actual Expenditure	23,656,846	19,447,196
Under spending/Budget saving	21,035,454	12,877,326
% Change in Expenditure	**22%**	

Revenue Analysis

The table shows that total revenue increased significantly from $19,477,199 in 2024 to $24,366,045 in 2025, reflecting an overall growth of about $4,888,846. This increase was largely driven by grants, which rose by nearly $3.76 million and remain the biggest source of revenue, indicating strong reliance on external funding. Tax revenue also grew by about $986,269, suggesting improved domestic revenue collection, while other revenue saw a smaller but positive increase of around $139,391. Overall, the state experienced broad-based revenue growth, with grants contributing the largest share of the increase.

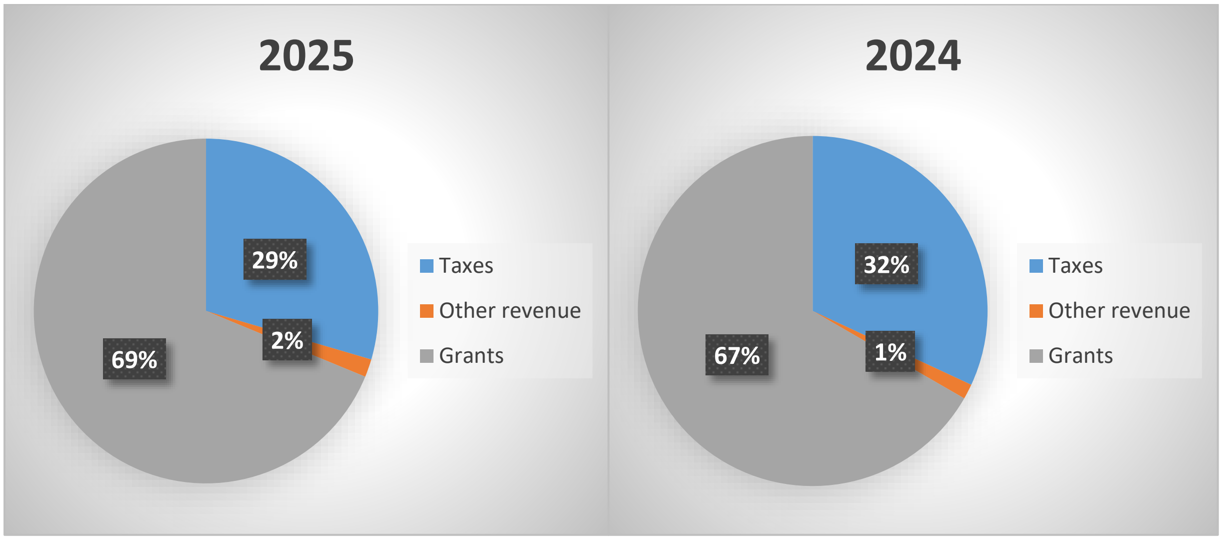
Table 2: Summary of Receipts

Revenue Type	2025 USD	2024 USD	Difference USD
Taxes	7,204,294	6,218,025	986,269
Other revenue	411,242	271,851	139,391
Grants	16,750,509	12,987,323	3,763,186
Total revenue	**24,366,045**	**19,477,199**	**4,888,846**

The following chart further highlights the breakdown of revenue collections for the fiscal year 2025 the external grants accounted for 69% of the total receipts where in 2024 grants represented 67% of the total revenue and own source revenue accounted for 31% in 2025.

Chart 2: Sources of revenue 2025

Chart 1: Sources of revenue 2024



Tax Receipts

Tax revenue increased from $6,218,025 in 2024 to $7,204,294 in 2025, reflecting a rise of $986,269. This growth indicates a modest improvement in domestic revenue mobilization.

Other revenue

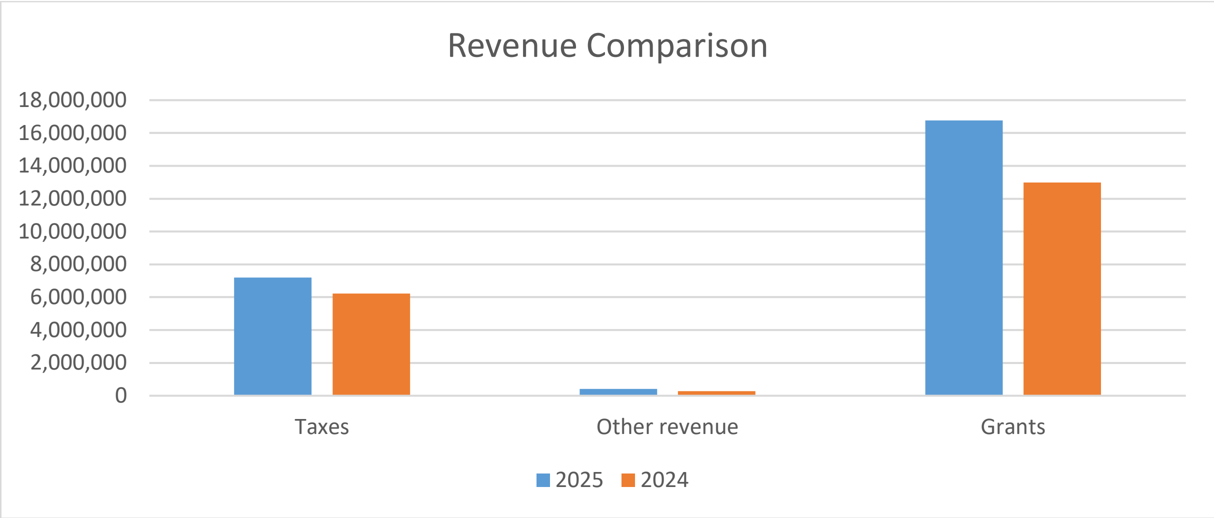
Financial year 2025 other revenue accounted for just 2% of the total revenue for the year. Main sources from this revenue came from the Sale of goods and services.

Grants

Grants, including international grants and transfers from the Federal Government of Somalia, remained the largest source of funds, amounting to USD 16,773,306 or approximately 69% of total revenue in 2025, compared to 67% in 2024. This indicates continued reliance on grant funding.

Further illustration and comparisons between current year and previous year is highlighted in Chart 3

Chart 3: Revenue comparison 2025 v 2024



Expenditure Analysis

The table shows that total expenditure increased from $19,447,196 in 2024 to $23,656,846 in 2025, representing a rise of about 4,209,650.

Table 3 below shows expenditure categories for the 2025 financial year in comparison to the 2024 financial year. Other expenses are excluded from the table below.

Table 3: Summary of expenditure for 2 years

Main Expenditure categories	2025	2024
Compensation of Employees	8,655,596	6,877,278
Use of Goods and Services	12,571,787	9,725,294
Grants	1,042,293	2,440,000
Other expenses	-16,207	126,315
Nonfinancial assets	1,403,377	278,309
Total Expenditure	**23,656,846**	**19,447,196**

Chart 4: Summary of expenditure for 2 years

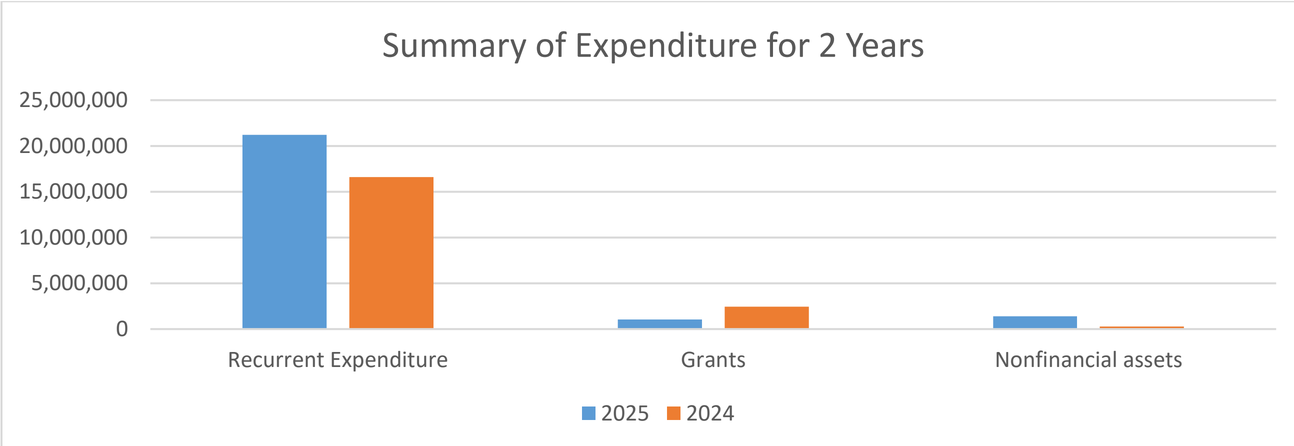


Chart 5: Expenditure paid in FY 2025

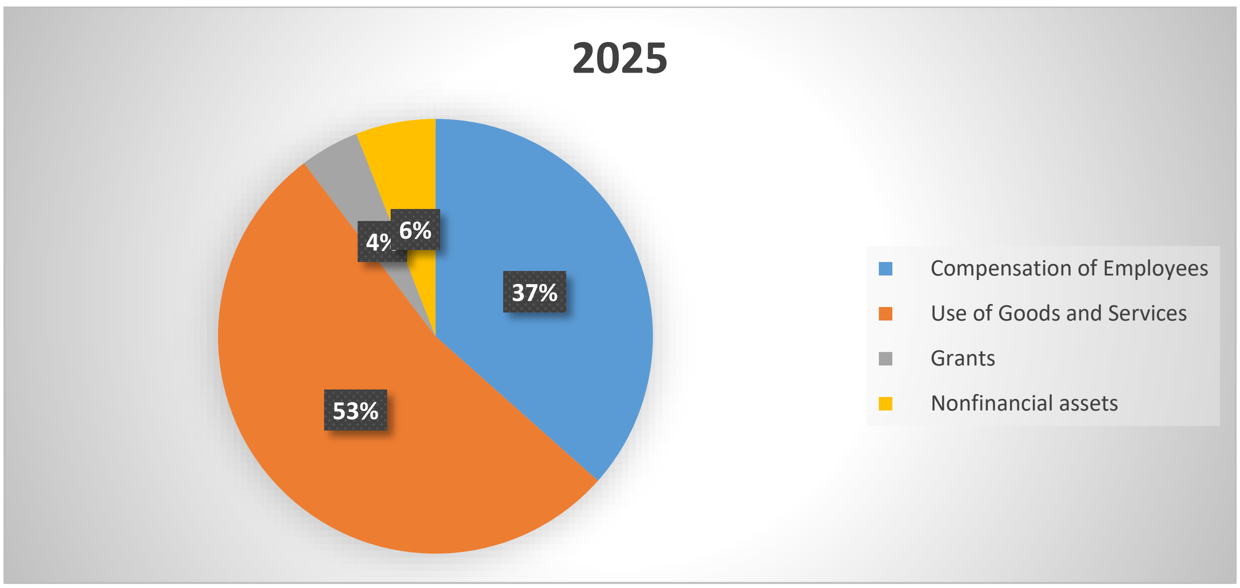
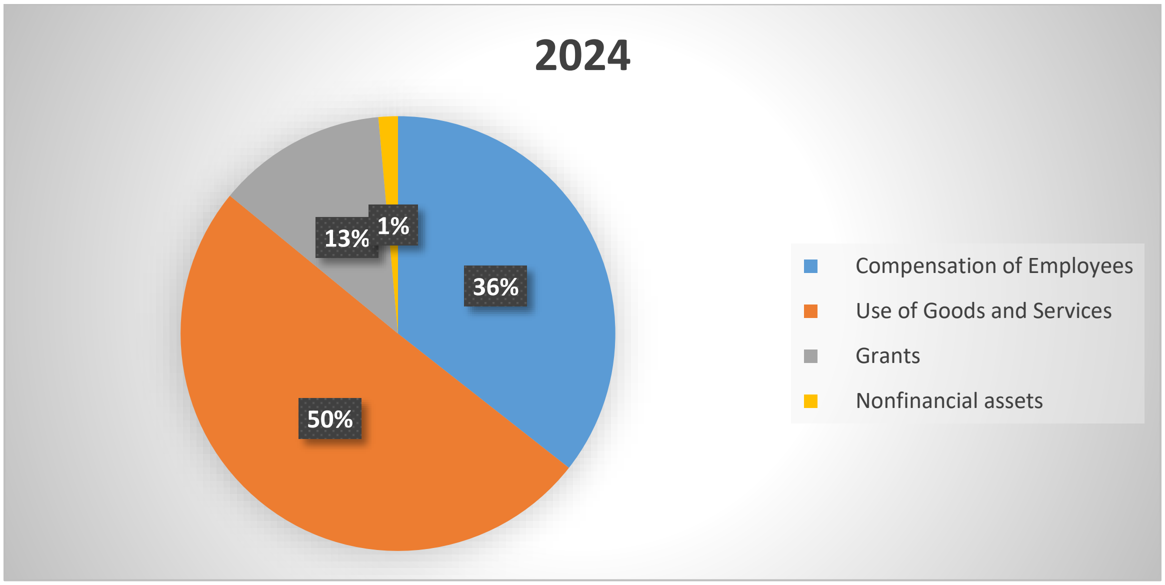


Chart 6: Actual expenditure 2024



Capital Expenditure Analysis (Non-Financial Assets)

The table shows that expenditure on nonfinancial assets increased significantly from $278,309 in 2024 to $1,403,377 in 2025, representing a rise of $1,125,068. In 2025, major investments were made in ICT equipment at $380,108, dwellings at $336,823, and cars at $231,030. Expenditure on wells and water holes also appeared in 2025 at $167,366, indicating new or expanded infrastructure projects. Furniture and fixtures increased from $103,767 in 2024 to $197,050 in 2025, while tools and specialized professional services and biological assets such as trees and crops accounted for $74,000 and $17,000 respectively, with no comparable spending in 2024. Overall, the sharp increase reflects expanded investment in infrastructure, equipment, and capital development activities.

Table 4: Summary of Capital Expenditure for 2025 and 2024

	2025	2024
	USD	USD
Dwellings	336,823	-
Wells and water holes	167,366	-
Cars	231,030	-
Machinery and Equipment not elsewhere classified	-	100,000
Information, Computer and telecom (ICT) equipment	380,108	74,542
Furniture & fixtures	197,050	103,767
Tools	74,000	-
Tree, crop , and plant resources yielding repeat products	17,000	-
	1,403,377	**278,309**

Budget and Expenditure Analysis

The annual budget of the Hirshabelle State of Somalia is the principal document by which the Government sets out its financial plan for the year. The original budget or financial plan approved by the State Parliament for the budgeted. Total main expenditure categories for 2025 was $23,653,869.

Budget execution rate for 2025 financial year was 53% while the budget execution rate was 68% in FY 2024.

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

Table 5: Expenditure - Budget v Actual

	2025			
	Budget	Actual	Budget underspending	% Budget not executed
Expenditure categories	**USD**	**USD**	**USD**	
Compensation of Employees	12,162,216	8,655,596	3,506,619	29%
Use of Goods and Services	18,501,338	12,571,787	5,929,552	32%
Grants	1,150,040	1,042,293	107,747	9%
Social benefits	180,000	-	180,000	100%
Other expenses	800,375	-16,207	816,582	102%
Capital expenditure	11,898,332	1,403,377	10,494,955	88%
Payments/outflows	**44,692,300**	**23,656,846**	**21,035,455**	**47%**
Recurrent Expenditure				
Compensation of Employees	12,162,216	8,655,596	3,506,619	29%
Use of Goods and Services	18,501,338	12,571,787	5,929,552	32%
Total recurrent expenditure	**30,663,554**	**21,227,383**	**9,436,171**	**31%**

	2024			
	Budget	Actual	Budget underspend	% Budget not executed
Main expenditure categories	**USD**	**USD**	**USD**	**USD**
Recurrent expenditure	24,703,061	16,602,572	8,100,489	33%
Grants	2,497,640	2,440,000	57,640	2%
Social benefits			-	
Capital expenditure	1,074,209	278,309	795,900	74%
Total Expenditure	**28,274,910**	**19,320,881**	**8,954,029**	**32%**

Recurrent expenditure				
Compensation of employees	9,488,641	6,877,278	2,611,363	28%
Use of Goods and Services	15,214,420	9,725,294	5,489,126	36%
Total recurrent expenditure	**24,703,061**	**16,602,572**	**8,100,489**	**33%**

Non-Financial Asset

The Hirshabelle State of Somalia non-financial asset increased from $278,309 in 2024 to $1,403,377 in 2025, representing a net increase of $1,125,068.

Consolidated Fund Statement of Cash Receipts and Payments

Hirshabelle State of Somalia
Consolidated Fund Statement of Cash Receipts and Payments
Treasury Single Accout
for the Year Ended 31 December 2025

Account	Notes	2025 Controlled by TSA USD	2024 Controlled by TSA USD
Receipts / Inflows			
Taxes			
Taxes on income, profits, and capital gains	2	70,306.81	
Taxes on payroll and workforce	3	905,416.27	971,916.36
Taxes on property	4	13,964.55	
Taxes on goods and services	5	4,740,305.86	4,096,883.41
Taxes on international trade and transactions	6	440,542.80	630,875.00
Other taxes	7	1,033,757.48	518,350.24
Taxes		**7,204,293.77**	**6,218,025.01**
Grants			
From foreign governments			
From international organizations	8	1,376,387.16	1,990,003.77
From other general government units	9	15,374,121.86	10,997,319.10
Grants		**16,750,509.02**	**12,987,322.87**
Other Revenue			
Sale of goods and services	10	411,242.11	271,851.13
Other Revenue		411,242.11	271,851.13
Receipts / Inflows		**24,366,045**	**19,477,199.01**
Payments / Outflows			
Compensation of Employees			
Wages and Salaries	11	8,655,596.20	6,877,278.31
Compensation of Employees		**8,655,596.20**	**6,877,278.31**
Use of Goods and Services			
Travel & Conferences	12	2,383,749.88	2,378,126.48
Operating Expenses	13	4,445,327.96	3,546,227.33
Rent	14	316,503.00	693,872.10
Other Operating Expenses	15	4,625,417.83	2,275,068.49
Conflict Resolution Expenses	16	800,308.00	832,000.00
RCRF Non-Salary Recurrent Cost	17	480.00	
Use of Goods and Services		**12,571,786.67**	**9,725,294.40**
Grants			
Grants To Other General Government Units	18	1,042,293.00	2,440,000.00
Grants		1,042,293.00	2,440,000.00
Other Expenses			
Miscellaneous other expense	19	-17,190.00	126,315.00
Premiums,fees,claims related to non-life insurar	20	983.25	
Other Expenses		**-16,206.75**	**126,315.00**
Nonfinancial assets			
Fixed Assets	21	1,403,376.70	278,308.61
Nonfinancial assets		**1,403,376.70**	**278,308.61**
Payments / Outflows		**23,656,846**	**19,447,196**
Taxes			
Taxes on goods and services			
Taxes			
Receipts / Inflows			
Increase Decrease in Cash		709,199.08	30,002.69
Cash at Beginning of Year		1,101,927.49	1,071,924.80
Cash at End of Year		1,811,126.57	1,101,927.49

Hirshabelle State of Somalia
Consolidated Fund Statement of Comparison of Budget and Actual Amounts
Treasury Single Accout
for the Year Ended 31 December 2025
Appropriaton Budget Approved on Cash Basis
Classification of Payments By Economic Class

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		A	B	C	C-B	C
		USD	USD	USD	USD	USD
Receipts / Inflows						
Taxes						
Taxes on income, profits, and capital gains				70,307	70,307	
Taxes on payroll and workforce		906,550	906,550	905,416	(1,133)	971,916
Taxes on property		14,000	14,000	13,965	(35)	
Taxes on goods and services		4,762,384	4,762,584	4,740,306	(22,278)	4,096,883
Taxes on international trade and transactions		442,246	442,246	440,543	(1,703)	630,875
Other taxes		1,348,325	1,348,325	1,033,757	(314,567)	518,350
Taxes	**22**	**7,473,504**	**7,473,704**	**7,204,294**	**(269,410)**	**6,218,025**
Grants						
From foreign governments			7,000		(7,000)	
From international organizations			3,141,314	1,376,387	(1,764,927)	1,990,004
From other general government units		32,120,569	33,121,055	15,374,122	(17,746,933)	10,997,319
Grants	**23**	**32,120,569**	**36,269,369**	**16,750,509**	**(19,518,860)**	**12,987,323**
Other Revenue						
Sale of goods and services		552,520	552,520	411,242	(141,278)	271,851
Other Revenue	24	552,520	552,520	411,242	(141,278)	271,851
Receipts / Inflows		**40,146,593**	**44,295,594**	**24,366,045**	**(19,929,549)**	**19,477,199**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		12,139,933	12,162,216	8,655,596	(3,506,619)	6,877,278
Compensation of Employees	**25**	**12,139,933**	**12,162,216**	**8,655,596**	**(3,506,619)**	**6,877,278**
Use of Goods and Services						
Travel & Conferences		2,001,676	3,131,274	2,383,750	(747,524)	2,378,126
Operating Expenses		4,079,974	6,098,089	4,445,328	(1,652,761)	3,546,227
Rent		288,480	501,116	316,503	(184,613)	693,872
Other Operating Expenses		7,201,410	7,934,759	4,625,418	(3,309,341)	2,275,068
Conflict Resolution Expenses	**26**	1,167,286	805,620	800,308	(5,312)	832,000
RCRF Non-Salary Recurrent Cost			480	480		
Contingency		30,000	30,000		(30,000)	
Use of Goods and Services	**27**	**14,768,825**	**18,501,338**	**12,571,787**	**(5,929,552)**	**9,725,294**
Grants						
Grants To Other General Government Units		1,100,040	1,150,040	1,042,293	(107,747)	2,440,000
Grants	**28**	**1,100,040**	**1,150,040**	**1,042,293**	**(107,747)**	**2,440,000**
Social Benefits						
Social Assistance Benefits		180,000	180,000		(180,000)	
Social Benefits	**29**	**180,000**	**180,000**		**(180,000)**	
Other Expenses						
Miscellaneous other expense		1,007,825	796,875	-17,190	(814,065)	126,315
Premiums,fees,claims related to non-life insurance		3,500	3,500	983	(2,517)	
Other Expenses	**30**	**1,011,325**	**800,375**	**-16,207**	**(816,582)**	**126,315**
Nonfinancial assets						
Fixed Assets		10,621,671	11,573,532	1,403,377	(10,170,155)	278,309
Inventories		324,800	324,800		(324,800)	
Nonfinancial assets	**31**	**10,946,471**	**11,898,332**	**1,403,377**	**(10,494,955)**	**278,309**
Payments / Outflows		**40,146,593**	**44,692,300**	**23,656,846**	**(21,035,455)**	**19,447,196**
Taxes						
Taxes on goods and services						
Taxes						
Receipts / Inflows						
Increase Decrease in Cash			-396,707	709,199	1,105,906	30,003

Hirshabelle State of Somalia
Statement of Government Operations
For the Year Ended 31 Decembe 2025

	2025	2024
Revenue	**24,366,044.90**	**19,477,199.01**
Taxes	**7,204,293.77**	**6,218,025.01**
Taxes on income, profits, and capital gains	70,306.81	0.00
Taxes on payroll and workforce	905,416.27	971,916.36
Taxes on property	13,964.55	0.00
Taxes on goods and services	4,740,305.86	4,096,883.41
Taxes on international trade and transactions	440,542.80	630,875.00
Other taxes	1,033,757.48	518,350.24
Grants	**16,750,509.02**	**12,987,322.87**
From foreign governments	0.00	0.00
From international organizations	1,376,387.16	1,990,003.77
From other general government units	15,374,121.86	10,997,319.10
Other Revenue	411,242.11	271,851.13
Sale of goods and services	411,242.11	271,851.13
Expense	**22,253,469.12**	**19,168,887.71**
Compensation of Employees	8,655,596.20	6,877,278.31
Wages and Salaries	8,655,596.20	6,877,278.31
Use of Goods and Services	12,571,786.67	9,725,294.40
Travel & Conferences	2,383,749.88	2,378,126.48
Operating Expenses	4,445,327.96	3,546,227.33
Rent	316,503.00	693,872.10
Other Operating Expenses	4,625,417.83	2,275,068.49
Conflict Resolution Expenses	800,308.00	832,000.00
RCRF Non-Salary Recurrent Cost	480.00	0.00
Grants	1,042,293.00	2,440,000.00
Grants To Other General Government Units	1,042,293.00	2,440,000.00
Other Expenses	-16,206.75	126,315.00
Miscellaneous other expense	-17,190.00	126,315.00
Premiums,fees,claims related to non-life insurar	983.25	0.00
Gross Operating Balance	2,112,575.78	308,311.30
Transactions In Non Financial Assets		
Change In Net Worth. Transactions (Assets)	1,403,376.70	278,308.61
Nonfinancial assets	1,403,376.70	278,308.61
Fixed Assets	1,403,376.70	278,308.61
Transactions in Financial Assets & Liabilities		
Change In Net Worth. Transactions (Assets)	-641,673.13	-112,699.65
Financial assets	-641,673.13	-112,699.65
Domestic	-641,673.13	-112,699.65
Liabilties	0.00	0.00
Liabilties	0.00	0.00
Liabilties	0.00	0.00
Revenue	0.00	0.00
Taxes	0.00	0.00
Taxes on goods and services	0.00	0.00
Overall Statistical Discrepancy	0.00	0.00

Notes to the Financial Statements

1 Accounting Policies

1.1. Basis of Preparation

The Hirshabelle State of Somalia's (HSS) consolidated financial statements have been prepared in accordance with the *Public Financial Management Act 2018* and the International Public Sector Accounting Standard (IPSAS) - *Financial Reporting under the Cash Basis of Accounting (2017)*. The notes to the financial statements form an integral part to understanding the statements and must be read in conjunction with the statements.

The accounting policies have been applied consistently throughout the period.

1.2. Reporting Entity

The Financial statements are for the Hirshabelle State of Somalia. The Hirshabelle Government operates in Jowhar which is the capital city of State. The principal address of the Government is: Jowhar Middle Shabelle region

The principal activities of the Government and its controlled entities include the provision of health, education, defense, security, and public services.

The financial statements encompass the reporting entities as specified in the *Appropriation Act No. 1 2025* and are comprised of:

1. Ministry of Justice & Religious Affairs
2. Ministry of Livestock, Forestry and Vegetation
3. Ministry of Ports and Maritime Transport
4. Ministry of Youth and Sports
5. Ministry of Postal, Communication and Modern Technology
6. Ministry of Education and Tertiary
7. Ministry of Environmental and Sea Protection
8. Ministry of Agriculture and Irrigation
9. Ministry of Health and Social Care
10. Ministry of Fishery & Marine Resources
11. Ministry of Public Works and Reconstruction
12. Ministry of Information and Culture
13. Ministry of Interior and Local Government
14. Ministry of Planning, Investment, and International Cooperation
15. Ministry of Transport, Air and Land
16. Ministry of Security and Rehabilitation
17. Ministry of Labor and Employment

18	Ministry of Finance and Economic Development
19	Ministry of Constitution & Federal Affairs
20	Ministry of Commerce & Industry
21	Ministry of Women & Human Rights
22	Ministry of Water, Energy and Minerals
23	Ministry of Humanitarian and Disaster Management
24	Civil Service Commission
25	Hirshabelle Parliament
26	Auditor General's Office
27	Ministry of State Presidency
28	Ministry of Rehabilitation and Disbarment
29	Ministry of Religious and Endowments
30	Ministry of Petroleum and mining
31	Ministry of Reconciliation and Resettlement
33	Ministry of Rural Development

Ministries were created by a preceding Presidential Decree on 20th February 2017 entitled *A Decree Establishing Ministries of Hirshabelle State of Somalia and Defining Roles and Functions of Ministries*. Number of Ministries/Agencies were increased to 31 by a preceding Presidential Decree on 22nd January 2019. However, the number of current Ministries/Agencies are 32. The Ministry of Finance & Economic Development and Revenue Collection Authority was Established by a Presidential Decree in March 2017. The purposes of establishing the Ministry of Finance & Economic Development and Revenue Collection Authority was to ensure that the Hirshabelle State of Somalia has a Ministry of Finance & Economic Development that is responsible for the overall financial management of the Hirshabelle State of Somalia and to also ensure that within the Ministry of Finance & Economic Development there is a Revenue Collection Authority that is fully staffed, organized, administered and empowered to collect &deposit into the Treasury Single Account (TSA) all legally established taxes and other revenues of the Hirshabelle State of Somalia and Other Related Matters.

The Decree Establishing the Ministry of Finance & Economic Development was changed into an Act of Parliament on 06th February 2018. The Auditor General's Office was also created via Presidential Decree in 2018 and changed to an Audit Act 18th March 2019 and became operational during the 2019 financial year.

A subsequent decree on establishing the Civil Service Commission (CSC) and its purpose entitled *A Decree for establishing the Civil Service Commission of the Hirshabelle State of Somalia dated December,2017*established the office of the Civil Service Commission. Companion Decrees also established the Civil Service and the Civil Service Salary structure. The inauguration of the HSS constitution automatically established the Hirshabelle Parliament. The Civil Service Commission (CSC) was changed into an Act in October 2018. The respective statements of all the listed entities form part of the consolidated Financial statements as these entities were included as part of the *HSS Appropriation Act No. 1, 2025*.

The consolidated financial statements include all entities controlled during the year. None of the entities own another entity. However, HSS Municipalities is controlled by the Ministry of Interior and Local Government.

1.3. Treasury Single Account & Project Accounts

Forty bank accounts were operational during the 2025 financial year, the Treasury Single Account (TSA), and sub-accounts of the TSA: a Project account that relates to the RCRF III project account, the HSS GPE Project Account, Ministry of Interior and Local Governance RCRFIII Project Account, HSS WB RCRF PBCS Budget Support, HSS SURPII Project Account Ministry of Public Work & Reconstruction HSS Local Development Fund (LDF) and Ministry of Education and Higher Education Ministry of Labor, Ministry of Livestock, Ministry of Youth, Ministry of Water and HSS COVID19 Project Account As of the end of the 2025 financial year, the balances of these accounts were as follows:

	2025	2024
	USD	USD
Treasury Single Account - Main	12,416	1
HSS GPE Project Account	-	-
Wasaaradda Arimaha Gudaha Hirshabelle	17	17
Project Account - RCRF III	-	100,346
HSS WB RCRF PBCS BUDGET SUPPORT PROJECT ACCOUNT	-	304,142
HSS SURPII PROJECT ACCOUNT	-	189,065
MINISTRY OF PUBLIC WORK AND RECONSTRUCTION	-	14
HSS LOCAL DEVELOPMENT FUND(LDF)	1,034	1,034
Ministry of Education and Higher Education	351	3,432
HSS DAMAL CAFIMAD PROJECT ACCOUNT	-	3,956
Hirshabelle Treasury Single Account - DHSB	27,076	669
SWRR HIRSHABELLE STATE OF SOMALIA	-	76,808
Ministry of Agriculture and Irrigation of Hirshabelle	62,738	3,076
Ministry of Health & Social Care of Hirshabelle	295	63,039
MINISTRY OF WATER AND ENERGY HIRSHABELLE	19,151	7,603
MOHADM HIRSHABELLE	791	6,721
Ministry of Humanit Affairs and Disaster Management Hirshabelle	0	728
Ministry of Women and Human Rights of Hirshabelle State	5,616	6,765
GWR PROJECT ACCOUNT HIRSHABELLE STATE OF SOMALIA	-	48,332
HSS SEHCD PROJECT	-	164,141
HIRSHABELLE TREASURY SINGLE ACCOUNT-Amal Bank	556	1
Hirshabelle Somali Food System Resilience Project Account (SFSR)	-	73,285
SERP HSS Project Account	-	45,522
MINISTRY OF ENVIRONMENT C CHANGE & R D HIRSHABELLE	565	565
MINISTRY OF AGRICULTURE DHS	28	2,665
MINISTRY OF LOBOUR AND EMPLOYMENT	-	-
Ministry of Livestock, Forestry and Vegetation	502	-
Minisry of Youth and Sports	-	-
HSS WB RCRFIII PROJECT ACCOUNT	433,512	-
HSS GWR PROJECT ACCOUNT	186,304	-
HSS SEHCD PROJECT	67,204	-
HSS DAMAL CAFIMAD PROJECT ACCOUNT	34,718	-
HSS GPE PROJECT	9,668	-
HSS SERP PROJECT ACCOUNT	119,476	-
HSS SFSR PROJECT ACCOUNT	28,856	-
HSS SURPII PROJECT ACCOUNT	134,655	-
HSS WB RCRF BUDGET SUPPORT PROJECT ACCOUNT	322,800	-
SWRR HIRSHABELLE STATE OF SOMALIA	250,000	-
HSS COVID 19 PROJECT	54,371	-
MINISTRY OF WATER	38,425	-
TOTAL	**1,811,127**	**1,101,927**

1.4. Cash & Cash Equivalents

Cash and Cash Equivalents means notes and coins held, and any deposits held at call with a bank or financial institution. Cash is recognized as its nominal amount. Somali banks do not pay interest.

Cash included in the statement of cash receipts and payment comprises the following amounts:

	2025	2024
	USD	**USD**
Cash on Hand		
Balances held with Banks	1,811,127	1,101,927
Total cash on Hand and bank balances	**1,811,127**	**1,101,927**

1.5. Reporting Currency

The reporting currency is the United States Dollar ($) and rounded to the nearest dollar.

1.6. Borrowings

HSS did not receive any loans during the 2025 financial year and has no balances owing in respect of banks, and other commercial institutions.

1.7. Original and Final Approved Budget and Comparison of Actual and Budget Amount

The approved budget is developed on the same accounting basis (Cash basis), same classification basis and for the same period (From 1st January 2025 to 31st December 2025) as the financial statements. It encompasses the same entities as the consolidated financial statement (these are identified in Note 1.2)

The original budget was approved by the Hirshabelle Parliament on 21nd December 2025. No Supplementary Budget was passed in FY 2025.

1.8. Authorization Date

The financial statements were authorized to be issued on 15 March 2026 by HE Abdirahim Isse Adow, Minister of Finance and Economic Development.

2 Taxes on Income, Profits and Capital Gains

In 2025, taxes on income, profits and capital gains received in total of $70,307 while it did not exist in 2024.

Description	2025	2024
	USD	USD
Taxes on Income, Profits and Capital Gains	70,307	0
TOTAL	**70,307**	**0**

3 Taxes on Payroll and Workforce

Payroll income tax collections decreased from $971,916 in 2024 to $905,416 in 2025, a decline of about 6.8 percent. This suggests a reduction in formal employment or wages, potentially linked to the funding freeze by the United States Agency for International Development (USAID), which may have affected NGO payrolls and overall taxable income.

Description	2025	2024
	USD	USD
Taxes on payroll and workforces	905,416	971,916
TOTAL	**905,416**	**971,916**

4 Taxes on Property

In 2025 Financial Year property taxes totaled $13,965 However, the State did not collect any property taxes in 2024.

Description	2025	2024
	USD	USD
Taxes on Proberty	13,965	0
TOTAL	**13,965**	**-**

5 Taxes on Goods and Services

The comparative analysis of taxes on goods and services between 2025 and 2024 shows a significant increase. In 2025, taxes amounted to 4,740,306 USD, which is a considerable rise from 4,096,83 USD in 2024. This increase may suggest a progress in the tax administration.

Description	2025	2024
	USD	USD
Taxes on goods and services	4,740,306	4,096,883
TOTAL	**4,740,306**	**4,096,883**

6 Taxes on international trade and transactions

Taxes on International Trade incorporate all taxes that are imposed on goods and services exported out of and imported into Hirshabelle State of Somalia. During this financial year, Custom duties levied on imports are the only tax collected under this class. During this Fiscal Year 2025, $440,543 was

Description	2025	2024
	USD	USD
Taxes on international trade	440,543	630,875
TOTAL	**440,543**	**630,875**

received from Khat imports compared to $630,875 in 2024.

7 Other taxes

The comparative analysis of other tax collections from local government between 2025 and 2024 shows a significant increase. In 2024, the total amount totaled $1033757 compared to $518,350 USD in 2024. This rise shows the expansion in local government tax revenues driven by changes in local tax policy and administration. Municipalities like Jowhar, Beledwayne and Balcad raise revenue from sources such as taxing mobile shops and local public transport. Through an agreement drafted between the MoF and Local Governments, all collections by these Municipalities must be deposited with the TSA and subsequent payments made following the set standard procedures laid down by the

Description	2025	2024
	USD	USD
Other tax collections from local government	1,033,757	518,350
TOTAL	**1,033,757**	**518,350**

MoF.

8 Grants from International Organizations

In the 2025 financial year, total amount of grants received from international organizations decreased from $1,990,004 in 2024 to $1,399,184 in 2025. Major contributors to the 2025 funding were FAO Projects and GIZ.

	2025	2024
	USD	USD
UN	219,650	103,885
WFP	108,321	116,286
GIZ	298,882	226,223
United Nations for Gender Equality and the Women	86,866	100,955
United Nations International Cheldran's Emergency	77,354	642,388
SAVE THE CHILDREN	25,105	-
FAO Projects	480,492	780,312
SEED SYSTEMS GROUP	0	-
PREMIS	79,717	19,955
TOTAL	**1,376,387**	**1,990,004**

9 Grants from Other Government Units

During 2025 financial year the Federal Government of Somalia granted a total of $15,374,122 compared to $10,997,319 in 2024 to the Hirshabelle State of Somalia. Funds include budget support, RCRFIII project administered by the World, SURP Project, SEHCD project and other projects.

	2025	2024
	USD	USD
Unconditional Budget Support	366,613	143,276
Budget Support	6,006,876	5,636,280
Drive Project	37,236	-
MOE GPE Project	359,135	148,025
Examination fees	-	44,145
SURPII PROJECT	395,211	578,635
Health service deliver PBCS Project	-	461,115
RCRF11I	3,152,012	2,166,443
DAMAL CAFIMAAD PROJECT	328,190	262,670
COVID 19 EMERGENCY VACCINE	233,317	-
Barwaaqo Project	348,308	304,392
SEHCD PROJECT	608,050	570,683
GWR PROJECT	260,237	155,455
SERP PROJECT HSS	958,840	200,000
SFS	2,320,096	326,200
TOTAL	**15,374,122**	**10,997,319**

10 Sale of Goods and Services

The comparative analysis Sales of goods and services between 2025 and 2024 shows a significant increase. In 2025, taxes amounted to $411,242 USD, which is a considerable rise from $315,996 USD in 2024. The increase was mainly driven by landing fees and education service fees.

Description	2025	2024
	USD	USD
Visa fees	-	-
Work permit fees	3,500	-
Business & Professional Licenses	20,045	17,800
Landing fees	127,282	-
Local NGO's Registratons	10,000	7,000
Local company registrations	1,600	1,400
Education services fees	171,933	111,937
Examination fees	-	44,351
Election Registration Fee	-	-
Court filing fees	76,882	133,509
	411,242	**315,996**

11 Wages and Salaries

Wages and salaries expenditure increased from $6,877,278 in 2024 to $8,659,171 in 2025, representing a rise of approximately 26 percent. The increase was driven mainly by higher spending on the security sector, basic civil service salaries, and allowances such as daily meals and regular food provision, which more than offset declines in categories including health workers, temporary staff, and legislature allowances.

	2025	2024
	USD	USD
Basic salaries for general Civil Service	1,117,747	932,564
Health workers salary	300,056	336,596
Temporary staff salary	15,600	165,732
Legislature salary	541,000	-
Political appointees salary	54,460	55,310
Security sector	3,102,555	1,911,549
Teacher salary	-	370,800
Temporary staff Allowance	-	245,926
Contract employees	709,877	613,175
Regular Food Provision	1,000,000	550,000
Daily Meals	1,371,140	614,320
Legislature allowances	193,162	981,310
Security sector allowances	250,000	99,996
TOTAL	**8,655,596**	**6,877,278**

12 Travel and Conferences

The total expenditure remained almost unchanged, increasing slightly from $2,378,126 in 2024 to $2,383,750 in 2025. However, there were notable shifts across categories. Internal travel rose significantly in 2025 compared to 2024, while external travel declined modestly. Expenditure on local conferences decreased from its higher level in 2024, whereas spending on overseas conferences appeared only in 2025, suggesting new or resumed international engagement. Accommodation costs also increased markedly in 2025, although they still represent a relatively small proportion of the total expenditure. The following provides a breakdown:

	2025	2024
	USD	USD
Internal Travel	724,442	478,821
External Travel	199,930	219,793
Local conferences	1,380,876	1,668,493
Overseas conference	7,400	-
Accommodation	71,102	11,020
TOTAL	**2,383,750**	**2,378,126**

13 Operating Expenses

There was a substantial increase in total operating expenditure, rising from $3,546,227 in 2024 to $4,438,766 in 2025. This growth is largely driven by significant increases in diesel and oil costs, refreshment expenses, and the introduction of construction materials spending, which was absent in 2024. Water and accommodation-related utilities such as electricity and telephone fees also rose, while internet and satellite fees declined compared to the previous year.

	2025	2024
	USD	USD
Water	8,020	400
Electricity	84,168	75,846
Satellite fees	5,000	15,000
Telephone fees	720	400
Internet	88,086	109,805
Diesel and oil	1,065,545	649,949
Refreshment	493,693	203,387
Stationary	390,341	457,699
Publications	51,714	-
Cleaning Supplies	13,200	16,160
Agricultural materials, supplies and Small Equipment	-	41,266
Fugicides, Insecticides and Sprays	-	10,666
Medical Supply	500,000	550,000
Construction materials	882,666	-
Maintenance and repair of equipment and heavy machineries	-	32,419
Maintenance and repairs of furniture and	194,434	300,000
Maintenance and repairs of vehicles, boats and vessels	442,200	324,920
Maintenance and repairs of building	217,334	750,000
Maintenance contracts	8,208	8,310
	4,445,328	**3,546,227**

14 Rent

Total rental expenditure declined markedly from $693,872 in 2024 to $316,503 in 2025, primarily due to a sharp reduction in vehicle rental costs, which fell from $472,707 in 2024 to $110,525 in 2025, representing the main source of the decrease. Office rent expenses also decreased from $212,566 to $176,774, while venue rent increased from $8,600 to $29,204, partially offsetting the overall decline.

	2025	2024
	USD	USD
Office Rent	176,774	212,566
Vehicle rent	110,525	472,707
Venue rent	29,204	8,600
Other rents	-	-
TOTAL	**316,503**	**693,872**

15 Other Operating Expenses

Total operating expenditure on training and professional services increased significantly from $2,275,068 in 2024 to $4,625,428 in 2025. The main contributors to this rise were fees for services provided (non-consultancy), which grew from $1,241,718 in 2024 to $2,929,866 in 2025, and consultation fees, which increased from $1,004,082 to $1,401,822. Training tuition fees also rose sharply, from $22,770 to $193,299, while facilitators' fees for workshops and conferences appeared only in 2025 at $88,940.

	2025	2024
	USD	USD
Training Tuition fee	193,299	22,770
Facilitators Fees For Workshops, Conferences	88,940	-
Consultation Fees	1,401,822	1,004,082
Fees for Service Provided (non Consultancy Service)	2,929,866	1,241,718
Bank Charges	501	228
Television and Newspaper Advertisement	11,000	6,270
TOTAL	**4,625,428**	**2,275,068**

16 Conflict Resolution Expenses

Expenditure on conflict resolution decreased slightly from $832,000 in 2024 to $800,308 in 2025. This reduction of $31,692 represents a modest decline in spending on conflict resolution activities compared to the previous year.

	2025	2024
	USD	USD
Conflict Resolution Expenses	800,308	832,000
TOTAL	**800,308**	**832,000**

18 Grants to other General Government units

Expenditure on current grants to the local level of government decreased notably from $2,440,000 in 2024 to $1,042,293 in 2025. In 2024, the budgeted amount was $2,497,640, resulting in a variance of $57,640, while in 2025, the budgeted allocation was lower at $1,150,040, with a variance of $107,747 between the budgeted and actual disbursements. This reflects both a significant reduction in the budget for local-level grants and a slightly larger underspending relative to the budget in 2025 compared to 2024.

	2025			2024		
	USD			USD		
	Budget	Actual	Variance	Budget	Actual	Variance
Current grants to local level of government	1,150,040	1,042,293	107,747	2,497,640	2,440,000	57,640
TOTAL	**1,150,040**	**1,042,293**	**107,747**	**2,497,640**	**2,440,000**	**57,640**

19 Miscellaneous Other Expenses

	2025			2024		
	USD			USD		
	Budget	Actual	Variance	Budget	Actual	Variance
Scholarships and other educational benefits	129,815	17,190.00	(112,625)	129,815	126,315	(3,500)
TOTAL	**129,815**	**17,190**	**(112,625)**	**129,815**	**126,315**	**(3,500)**

20 Vehicle insurance

	2025	2024
	USD	USD
Premiums,fees,claims related to non-life insurance	983.25	-
TOTAL	**983**	**-**

21 Fixed Assets

Non-Financial Assets consist of costs that were incurred for building other than dwellings, machinery and equipment not elsewhere classified, and Information, computer, and telecom (ICT) equipment. In 202 total amount of $1,403377 spent on non-financial assets in comparison to $278,309 in the previous year. Following are the details:

	2025	2024
	USD	USD
Dwellings	336,823	-
Wells and water holes	167,366	-
Cars	231,030	-
Machinery and Equipment not elsewhere classified	-	100,000
Information, Computer and telecom (ICT) equipment	380,108	74,542
Furniture & fixtures	197,050	103,767
Tools	74,000	-
Tree, crop , and plant resources yielding repeat products	17,000	-
	1,403,377	**278,309**

22 Taxes

Total tax revenue increased from $6,452,209 in 2024 to $7,204,294 in 2025, despite an overall variance of $(269,210) below the 2025 estimates. The main sources of growth were turnover tax, which rose from $902,960 in 2024 to $1,502,932 in 2025, road user taxes, remaining a major contributor at $3,229,154, and stamp duties on invoices and contracts, which increased to $46,833 in 2025 from $16,738 in 2024. Taxes on public and private payrolls also contributed to the increase, while revenues from local passenger charges and other local government taxes declined. Customs duties on KHAT saw a slight decrease, and building taxes remained relatively stable. Overall, the increase reflects strong performance in key tax categories, offset partially by declines in specific local collections.

	2025			2024		
	USD			USD		
	Estimate	Actual	Variance	Estimate	Actual	Variance
Personal income tax on Public employee	-	2,034	2,034	180,000	234,184	54,184
Personal income tax on On private employ	-	51,323	51,323	-	-	-
Personal income tax On property income	-	16,950	16,950	-	-	-
Public Taxes on payroll and workforces	300,596	321,892	21,297	180,000	234,184	54,184
Private Payroll taxes on non-civil servants	605,954	583,524	(22,430)	335,792	737,732	401,941
Building	14,000	13,965	(35)	-	-	-
Local passenger charge	9,000	8,220	(780)	50,000	6,133	(43,867)
Turnover Tax	1,500,040	1,502,932	2,892	1,178,489	902,960	(275,529)
Road User Tax	3,253,344	3,229,154	(24,190)	2,600,568	3,187,791	587,222
Customs duties - KHAT	442,246	440,543	(1,703)	900,000	630,875	(269,125)
Stamp duties on invoices and contracts	24,450	46,833	22,383	-	16,738	16,738
Other tax collections from local governme	1,323,875	986,924	(336,951)	1,158,371	501,612	(656,759)
TOTAL	**7,473,504**	**7,204,294**	**(269,210)**	**6,583,220**	**6,452,209**	**(131,011)**

23 Grants

Total grants increased from $12,987,323 in 2024 to $16,750,509 in 2025. The main sources of revenue were contributions from other general government units, which rose from $10,997,319 in 2024 to $15,374,122 in 2025, and funds from international organizations, which increased from $1,990,004 to $1,376,387 in 2025, though still significantly below the budgeted amounts. Below is details of grants:

	2025			2024		
	USD			USD		
	Estimate	Actual	Variance	Estimate	Actual	Variance
From international organizations	3,141,314	1,376,387	(1,764,927)	2,572,368	1,990,004	(582,364)
From other general government units	33,121,055	15,374,122	(17,746,933)	22,661,735	10,997,319	(11,664,416)
From foreign governments	7,000					
TOTAL	**36,269,369**	**16,750,509**	**(19,518,860)**	**25,234,102**	**12,987,323**	**(12,246,779)**

23.1 Grants from Federal Government

Total project and budget support funding rose from $10,997,319 in 2024 to $15,374,122 in 2025, driven mainly by large increases in the SFS project, SERP Project HSS, and RCRF11I. Additional growth came from Budget Support, MOE GPE, and GWR projects.

	2025	2024
	USD	USD
Unconditional Budget Support	366,613	143,276
Budget Support	6,006,876	5,636,280
Drive Project	37,236	-
MOE GPE Project	359,135	148,025
Examination fees	-	44,145
SURPII PROJECT	395,211	578,635
Health service deliver PBCS Project	-	461,115
RCRF11I	3,152,012	2,166,443
DAMAL CAFIMAAD PROJECT	328,190	262,670
COVID 19 EMERGENCY VACCINE	233,317	-
Barwaaqo Project	348,308	304,392
SEHCD PROJECT	608,050	570,683
GWR PROJECT	260,237	155,455
SERP PROJECT HSS	958,840	200,000
SFS	2,320,096	326,200
TOTAL	**15,374,122**	**10,997,319**

24 Other Revenue

Actual other revenues increased in 2025 compared to 2024, while budgeted amounts for the year decreased. The rise in actual collections was mainly driven by education service fees and the introduction of landing fees, whereas shortfalls against budget were largely due to lower-than-expected revenue from business and professional licenses, local NGO and company registrations, court filing fees, and work permit taxes.

	2025			2024		
	USD			USD		
	Estimate	Actual	Variance	Estimate	Actual	Variance
Birth Certificate Fee	-	-	-	-	-	-
Land certificate fees	-	-	-	-	-	-
Landing fees	-	127,282	127,282	-		-
Livestock fees	-	-	-	-	-	-
Agriculture fees.	-	-	-	-	-	-
Vehicle rental income	50,000					
Business and profession licenses	24,900	20,045	(4,855)	150,000	17,800	(132,200)
International NGO's registrations	-	-	-	-	-	-
Local NGO's registrations.	20,600	10,000	(10,600)	40,000	7,000	(33,000)
Local company registrations	20,000	1,600	(18,400)	40,000	1,400	(38,600)
Local passenger charge	-	-		-	-	
Education services fees	127,200	171,933	44,733	46,200	111,937	65,737
Examination fees	-	-	-		44,351	
Fishing licenses fees	170,000	-	(170,000)	348,000	-	(348,000)
Court filing fees	135,220	76,882	(58,338)	-	133,509	133,509
Visa fees	-	-	-	5,000	-	(5,000)
Work permit taxes	4,600	3,500	(1,100)	40,000	-	(40,000)
TOTAL	**552,520**	**411,242**	**(141,278)**	**669,200**	**315,996**	**(353,204)**

25 Employee Compensation

Total actual employee compensation increased to $8,659,171 in 2025 from $6,877,278 in 2024, while budgeted amounts rose to $12,162,216 from $9,488,641. The major expenditure categories were security forces' salaries at $3,102,555, basic civil service salaries at $1,117,747, contract employees at $713,452, and regular food provisions at $1,000,000. Significant under-spending occurred in legislature and political appointees' salaries, health workers' salaries, and certain allowances. Overall, the increase reflects higher spending on core staff and essential provisions despite variances in other categories.

	2025			2024		
	USD			USD		
	Budget	Actual	Variance	Budget	Actual	Variance
Basic salaries for general Civil Service	2,090,527	1,117,747	972,780	1,862,725	932,564	930,161
Contract employees	994,332	709,877	284,455	919,210	613,175	306,035
Temporary staff salary	15,600	15,600	-	196,242	165,732	30,510
Temporary staff allowances	-	-	-	363,200	245,926	117,274
Legislature salary	1,500,000	541,000				
Security forces (Police, intel forces and prison)	3,317,600	3,102,555	215,045	1,919,000	1,911,549	7,451
Security sector allowances	250,000	250,000	-	150,000	99,996	50,004
Legislature allowances	263,400	193,162	70,238	1,367,730	981,310	386,420
Incentive allowances	155,305	-	155,305	-	-	-
Political appointees salary	594,612	54,460	540,152	556,000	55,310	500,690
Health workers salary	603,840	300,056	303,784	404,000	336,596	67,404
Health workers allowances	-	-	-	51,364		51,364
Teacher salary	-	-	-	499,170	370,800	128,370
Regular Food Provision	1,000,000	1,000,000	-	550,000	550,000	-
Daily Meals	1,377,000	1,371,140	5,860	650,000	614,320	35,680
Grand Total	**12,162,216**	**8,655,596**	**2,547,619**	**9,488,641**	**6,877,278**	**2,611,363**

27 Use of Good and Services

Total actual expenditure on good and services increased to $12,565,235 in 2025 from $9,725,294 in 2024, while budgeted amounts rose to $18,501,338 from $15,214,420. The main drivers of spending were fees for non-consultancy services at $2,929,866, consulting and professional fees at $1,401,822, local conferences at $1,380,876, and diesel and oil at $1,065,545, alongside notable costs for internal travel and refreshment.

	2025			2024		
	USD			USD		
	Budget	Actual	Variance	Budget	Actual	Variance
Internal Travel	958,638	724,442	234,197	639,184	478,821	160,363
External Travel	370,885	199,930	170,955	343,871	219,793	124,078
Local conferences	1,696,135	1,380,876	315,259	2,047,899	1,668,493	379,406
Overseas Conferences	17,400	7,400	10,000	5,000	-	5,000
Accommodation	88,216	71,102	17,113	14,058	11,020	3,038
Water	39,720	8,020	31,700	3,800	400	3,400
Electricity	124,958	84,168	40,790	138,000	75,846	62,154
Telephone fees	720	720	-	1,400	400	1,000
Internet	203,390	88,086	115,304	191,660	109,805	81,855
Satellite fees	60,000	5,000	55,000	60,000	15,000	45,000
other communication expense	1,000	-	1,000	32,000	-	32,000
Diesel and oil	1,100,560	1,065,545	35,015	783,500	649,949	133,551
Stationary	578,357	390,341	188,016	658,243	457,699	200,543
Publications	92,400	51,714	40,686	500	-	500
Refreshment	540,295	493,693	46,602	290,444	203,387	87,057
Cleaning Supplies	28,000	13,200	14,800	39,000	16,160	22,840
Computer consumables	-	-	-	1,000	-	1,000
Medical Supply	500,000	500,000	-	550,000	550,000	-
Construction materials	882,666	882,666	-	-	-	-
Agricultural materials, supplies and Small Equipment	-	-	-	41,266	41,266	-
Fugicides, Insecticides and Sprays	-	-	-	10,666	10,666	-
Maintenance and repair of equipment and heavy machi	-	-	-	32,470	32,419	51
Maintenance and repairs of furniture and fittings	200,500	194,434	6,066	404,800	300,000	104,800
Maintenance and repairs of vehicles, boats and vessels	574,400	442,200	132,200	371,653	324,920	46,733
Maintenance and repairs of building	427,200	217,334	209,866	848,500	750,000	98,500
Maintenance contracts	8,324	8,208	116	8,324	8,310	14
Wales, canals and dwellings maintenance	729,600		729,600	623,948		623,948
Postage and Courier	3,600	-	3,600	-	-	-
Office Rent	353,321	176,774	176,547	273,080	212,566	60,515
Vehicle Rental	117,995	110,525	7,470	528,046	472,707	55,339
Venue Rent	29,800	29,204	596	13,700	8,600	5,100
Education Tuition Fee	30,000		30,000	85,000	-	85,000
Training Tuition fee	946,146	193,299	752,847	388,000	22,770	365,230
Facilitators Fees For Workshops, Conferences	94,780	88,940	5,840	-	-	-
Tutor Fees For Professional Courses	10,000	-	10,000	-	-	-
ICT Services	203,685	-	203,685	-	-	-
Study tour	95,200		95,200	20,000		20,000
Architectural, Engineering Services	145,454	-	145,454	-	-	-
Consulting and professional fees	2,233,329	1,401,822	831,508	1,812,100	1,004,082	808,018
Fee for Service Provided (non Consultancy Service)	4,006,046	2,929,866	1,076,180	2,363,146	1,241,718	1,121,428
Bank commissions	100,000	-	100,000	21,695	-	21,695
Other utilities	2,400					
Bank charges	52,919	491	52,428	7,380	228	7,152
TV and Newspaper Advertisements	17,200	11,000	6,200	12,470	6,270	6,200
Conflict Resolution Expenses	805,620	800,308	5,312	944,000	832,000	112,000
Food and catering services	480	480	-	-	-	-
Contingency	30,000	-	30,000	15,000	-	15,000
Holding account	-		-	589,619		589,619
TOTAL	**18,501,338**	**12,571,787**	**5,927,152**	**15,214,420**	**9,725,294**	**4,899,506**

28 Grants

Total actual expenditure on current grants to the local level of government decreased to $1,042,293 in 2025 from $2,440,000 in 2024, while budgeted amounts also declined to $1,150,040 from $2,497,640. The reduction reflects a significant drop in transfers to local governments, with a slightly higher variance recorded in 2025 compared to 2024.

	2025			2024		
	USD			USD		
	Budget	Actual	Variance	Budget	Actual	Variance
Current grants to local level of government	1,150,040	1,042,293	107,747	2,497,640	2,440,000	57,640
TOTAL	**1,150,040**	**1,042,293**	**107,747**	**2,497,640**	**2,440,000**	**57,640**

31 Non-Financial Assets

Total actual capital expenditure increased to $1,403,377 in 2025 from $278,309 in 2024, while budgeted amounts rose substantially to $11,898,332 from $4,903,986. The main areas of spending in 2025 were ICT equipment at $380,108, cars at $231,030, dwellings at $336,823, furniture and fixtures at $197,050, and wells and water infrastructure at $167,366.

	2025			2024		
	USD			USD		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
Information, computer, & telecom. (ICT) equipment	380,950	380,108	842	419,279	74,542	344,737
Machinery and Equipment not elsewhere classified	100,000	-	100,000	485,250	100,000	385,250
Buildings other than dwellings	793,716	-	793,716	528,116	-	528,116
Road construction	5,470,000	-	5,470,000	-	-	-
Cars	560,000	231,030	328,970	458,000	-	458,000
Furniture & Fixture	211,950	197,050	14,900	169,680	103,767	65,913
Wells and water holes	795,133	167,366	627,767	693,616	-	693,616
Tools and specialized professional services	327,578	74,000	253,578	216,591	-	216,591
Cultivated biological resources of animal yielding repeat product:	-	-	-	20,000	-	20,000
Tree, crop , and plant resources yielding repeat products	17,000	17,000	-	25,000	-	25,000
Research and development	111,731	-	111,731	25,865	-	25,865
Material and supplies	324,800	-	324,800	6,000	-	6,000
Dwellings	2,705,474	336,823	2,368,651	1,644,087	-	1,644,087
Other structures	-	-	-	30,000	-	30,000
Other land improvement	-	-	-	12,500	-	12,500
Other water infrastructure	100,000	-	100,000	170,000	-	170,000
Total	**11,898,332**	**1,403,377**	**10,494,955**	**4,903,986**	**278,309**	**4,625,677**

32 Undrawn External Assistance

During the 2018 financial year, HSS became eligible to participate in the Recurrent Cost and Reform Financing (RCRF III) project. This project runs through to 30 June 2024 and is reviewable on an annual basis. The RCRF III project is a multi-partner fund administered by the International Development Association (IDA), with funds flowing through the Federal Government of Somalia to HSS. The objective of the project is to support the recipient to provide a credible and sustainable payroll, and to establish the foundation for efficient budget execution and payment systems for the non-security sectors in the Federal Government, eligible Federal Member States and Interim and Emerging Administration.

As specified in a binding agreement *Number TFOA0534 Dated 29 June 2015* between the Federal Government of Somalia (FGS), acting on behalf of all other existing & emerging states, and the International Development Association (IDA), the Hirshabelle State of Somalia, by virtue of a sub-agreement with FGS, has a current project which will last to 30 June 2024.

Undrawn External assistance in respect to the RCRF III project is contingent upon HSS meeting the threshold conditional requirements of the project. The RCRF III budget outlined in the Project Appraisal Document (PAD) does not identify the budgeted breakdown for HSS in particular the grant amount is subject to annual review and approval by the IDA.

As at the 31 December 2024, HSS had accessed a total of $ $2,591,165 ($1,459,909 in 2024) of the RCRF III project funds since becoming eligible. The variance resulted from a number of Civil Servants not being recruited as originally planned and some staff turnover during 2024 and 2024 fiscal years. It is expected that conditions will continue to be satisfied and the projects are anticipated to continue under the terms of agreement between the donor and HSS. There have been no instances of non-compliance with terms and conditions which can result in cancelation of external assistance grants.

	Year											
	2023		2022		2021		2020		2019		2018	
					1							
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
External Assistance	3,863,049	2,591,605	5,447,994	2,505,218	3,225,785	1,459,909	1,707,180	972,834	1,254,254	589,302	45,067	198,423

33 Statements of Operations.

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

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

HIRSHABELLE STATE OF SOMALIA

INDIVIDUAL BUDGET ENTITY

STATEMENT OF CASH RECEIPTS & PAYMENTS & COMPARISON TO BUDGET

For the Year Ended 31 December 2024
Prepared in accordance with the
International Public Sector Accounting Standard (IPSAS) - Financial Reporting Under the Cash Basis of Accounting (2017)

Ministry of Justice & Religious Affairs

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**418,620**	**418,620**	**177,422**	**(241,198)**	**55,310**
Other Revenue						
Sale of goods and services		135,220	135,220	76,882	(58,338)	133,509
Other Revenue	24	**135,220**	**135,220**	**76,882**	**(58,338)**	**133,509**
Receipts / Inflows		**553,840**	**553,840**	**254,304**	**(299,536)**	**188,819**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		332,220	332,220	141,400	(190,820)	55,310
Compensation of Employees	25	**332,220**	**332,220**	**141,400**	**(190,820)**	**55,310**
Use of Goods and Services						
Operating Expenses		86,400	86,400	36,022	(50,378)	
Use of Goods and Services	27	**86,400**	**86,400**	**36,022**	**(50,378)**	
Payments / Outflows		**418,620**	**418,620**	**177,422**	**(241,198)**	**55,310**
Increase Decrease in Cash		**135,220**	**135,220**	**76,882**	**(58,338)**	**133,509**

Ministry of Livestock, Forestry and Vegetation

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Note	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**3,474,186**	**3,721,586**	**961,593**	**(2,759,993)**	**154,145**
Grants						
From foreign governments						
From international organizations			95,400	18,200	(77,200)	
From other general government units		3,193,330	3,280,330	37,236	(3,243,094)	
Grants	**23**	**3,193,330**	**3,375,730**	**55,436**	**(3,320,294)**	
Receipts / Inflows		**6,667,516**	**7,097,316**	**1,017,029**	**(6,080,287)**	**154,145**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		53,580	159,780	104,949	(54,831)	19,260
Compensation of Employees	**25**	**53,580**	**159,780**	**104,949**	**(54,831)**	**19,260**
Use of Goods and Services						
Travel & Conferences		202,796	272,596	129,966	(142,630)	22,758
Operating Expenses		230,400	285,200	77,830	(207,370)	43,106
Rent			25,000	23,600	(1,400)	31,890
Other Operating Expenses		1,853,620	1,775,220	486,090	(1,289,130)	37,131
Use of Goods and Services	**27**	**2,286,817**	**2,358,017**	**717,486**	**(1,640,531)**	**134,885**
Social Benefits						
Social Assistance Benefits		20,000	20,000		(20,000)	
Social Benefits	**29**	**20,000**	**20,000**		**(20,000)**	
Other Expenses						
Miscellaneous other expense		275,000	205,000		(205,000)	
Other Expenses	**30**	**275,000**	**205,000**		**(205,000)**	
Nonfinancial assets						
Fixed Assets		838,789	978,789	139,158	(839,631)	
Nonfinancial assets	**31**	**838,789**	**978,789**	**139,158**	**(839,631)**	
Payments / Outflows		**3,474,186**	**3,721,586**	**961,593**	**(2,759,993)**	**154,145**
Increase Decrease in Cash		**3,193,330**	**3,375,730**	**55,436**	**(3,320,294)**	

Ministry of Ports and Maritime Transport

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**34,620**		**(34,620)**	
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	25	**32,220**	**32,220**		**(32,220)**	
Use of Goods and Services						
Operating Expenses		2,400	2,400		(2,400)	
Use of Goods and Services	27	**2,400**	**2,400**		**(2,400)**	
Payments / Outflows		**34,620**	**34,620**		**(34,620)**	
Increase Decrease in Cash		**-34,620**	**-34,620**		**34,620**	

Ministry of Youth and Sports

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620.00**	**110,627.00**	**70,384**	**(40,243)**	
Grants						
From foreign governments						
From international organizations			76,007.00	70,404	(5,603)	
From other general government units						
Grants	**23**		**76,007.00**	**70,404**	**(5,603)**	
Receipts / Inflows		**34,620.00**	**186,634.00**	**140,788**	**(45,846)**	
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220.00	62,495.00	29,130	(33,365)	
Compensation of Employees	**25**	**32,220.00**	**62,495.00**	**29,130**	**(33,365)**	
Use of Goods and Services						
Travel & Conferences			33,202.00	31,302	(1,900)	
Operating Expenses		2,400.00	13,300.00	9,042	(4,258)	
Other Operating Expenses			1,630.00	910	(720)	
Use of Goods and Services	**27**	**2,400.00**	**48,132.00**	**41,254**	**(6,878)**	
Payments / Outflows		**34,620.00**	**110,627.00**	**70,384**	**(40,243)**	
Increase Decrease in Cash			**76,007.00**	**70,404**	**(5,603)**	

Ministry of Postal, Communication and Modern Technology

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**34,620**		**(34,620)**	
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	**25**	**32,220**	**32,220**		**(32,220)**	
Use of Goods and Services						
Operating Expenses		2,400	2,400		(2,400)	
Use of Goods and Services	**27**	**2,400**	**2,400**		**(2,400)**	
Payments / Outflows		**34,620**	**34,620**		**(34,620)**	
Increase Decrease in Cash		**-34,620**	**-34,620**		**34,620**	

Ministry of Education and Tertiary

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**4,405,898**	**5,263,443**	**2,441,770**	**(2,821,673)**	**2,562,505**
Grants						
From international organizations			684,190	108,321	(575,869)	128,386
From other general government units		3,261,710	3,350,065	967,185	(2,382,880)	762,853
Grants	23	**3,261,710**	**4,034,255**	**1,075,506**	**(2,958,749)**	**891,239**
Other Revenue						
Sale of goods and services		127,200	127,200	171,933	44,733	112,143
Other Revenue	24	**127,200**	**127,200**	**171,933**	**44,733**	**112,143**
Receipts / Inflows		**7,794,808**	**9,424,898**	**3,689,209**	**(5,735,689)**	**3,565,887**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		602,493	793,793	455,380	(338,413)	982,060
Compensation of Employees	25	**602,493**	**793,793**	**455,380**	**(338,413)**	**982,060**
Use of Goods and Services						
Travel & Conferences		398,460	510,604	461,537	(49,067)	717,759
Operating Expenses		81,800	227,945	195,806	(32,139)	189,361
Rent			40,520	39,924	(596)	30,392
Other Operating Expenses		915,820	1,283,255	1,049,206	(234,049)	516,619
Use of Goods and Services	27	**1,396,080**	**2,062,325**	**1,746,473**	**(315,852)**	**1,454,130**
Other Expenses						
Miscellaneous other expense		387,825	387,825	-17,190	(405,015)	126,315
Other Expenses	30	**387,825**	**387,825**	**-17,190**	**(405,015)**	**126,315**
Nonfinancial assets						
Fixed Assets		2,018,000	2,018,000	257,106	(1,760,894)	
Inventories		1,500	1,500		(1,500)	
Nonfinancial assets	31	**2,019,500**	**2,019,500**	**257,106**	**(1,762,394)**	
Payments / Outflows		**4,405,898**	**5,263,443**	**2,441,770**	**(2,821,673)**	**2,562,505**
Increase Decrease in Cash		**3,388,910**	**4,161,455**	**1,247,439**	**(2,914,016)**	**1,003,381**

Ministry of Environmental and Sea Protection

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**354,520**	**354,520**		**(354,520)**	**131,711**
Grants						
From international organizations						86,285
From other general government units						
Grants						**86,285**
Receipts / Inflows		**354,520**	**354,520**		**(354,520)**	**217,996**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		40,620	40,620		(40,620)	17,500
Compensation of Employees	**25**	**40,620**	**40,620**		**(40,620)**	**17,500**
Use of Goods and Services						
Travel & Conferences		30,000	30,000		(30,000)	38,285
Operating Expenses		18,600	18,600		(18,600)	9,509
Rent						6,703
Other Operating Expenses		107,300	107,300		(107,300)	41,514
Use of Goods and Services	**27**	**155,900**	**155,900**		**(155,900)**	**96,011**
Nonfinancial assets						
Fixed Assets		158,000	158,000		(158,000)	18,200
Nonfinancial assets	**31**	**158,000**	**158,000**		**(158,000)**	**18,200**
Payments / Outflows		**354,520**	**354,520**		**(354,520)**	**131,711**
Increase Decrease in Cash						**86,285**

Ministry of Agriculture and Irrigation
Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**3,693,150**	**4,267,662**	**1,803,173**	**(2,464,489)**	**1,062,700**
Taxes						
Taxes on income, profits, and capital gains						
Taxes						
Grants						
From international organizations			408,867	391,888	(16,979)	741,912
From other general government units		3,417,952	3,467,952	2,320,096	(1,147,855)	326,200
Grants	23	**3,417,952**	**3,876,819**	**2,711,984**	**(1,164,834)**	**1,068,112**
Receipts / Inflows		**7,111,102**	**8,144,481**	**4,515,157**	**(3,629,324)**	**2,130,812**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		51,180	161,084	113,923	(47,161)	88,210
Compensation of Employees	25	**51,180**	**161,084**	**113,923**	**(47,161)**	**88,210**
Use of Goods and Services						
Travel & Conferences		372,241	538,592	384,331	(154,262)	197,943
Operating Expenses		150,700	370,807	237,249	(133,558)	285,642
Rent		36,000	101,300	72,199	(29,101)	365,901
Other Operating Expenses		1,653,409	1,522,209	636,471	(885,738)	52,976
Contingency		30,000	30,000		(30,000)	
Use of Goods and Services	27	**2,242,351**	**2,562,909**	**1,330,250**	**(1,232,659)**	**902,462**
Social Benefits						
Social Assistance Benefits		160,000	160,000		(160,000)	
Social Benefits	29	**160,000**	**160,000**		**(160,000)**	
Other Expenses						
Miscellaneous other expense		345,000	204,050		(204,050)	
Other Expenses		345,000	204,050		(204,050)	
Nonfinancial assets						
Fixed Assets		751,320	1,036,320	359,000	(677,320)	72,028
Inventories		143,300	143,300		(143,300)	
Nonfinancial assets	31	**894,620**	**1,179,620**	**359,000**	**(820,620)**	**72,028**
Payments / Outflows		**3,693,150**	**4,267,662**	**1,803,173**	**(2,464,489)**	**1,062,700**
Increase Decrease in Cash		**3,417,952**	**3,876,819**	**2,711,984**	**(1,164,834)**	**1,068,112**

Ministry of Health and Social Care

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**2,362,138**	**3,128,254**	**2,273,930**	**(854,324)**	**2,830,895**
Taxes						
Taxes on income, profits, and capital gains						
Taxes						
Grants						
From foreign governments						
From international organizations			270,806	76,874	(193,932)	585,408
From other general government units		229,750	725,060	561,507	(163,553)	262,670
Grants	23	**229,750**	**995,866**	**638,381**	**(357,485)**	**848,078**
Other Revenue						
Sale of goods and services						
Other Revenue	24					
Receipts / Inflows		**2,591,888**	**4,124,120**	**2,912,312**	**(1,211,808)**	**3,678,973**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		730,628	804,228	416,974	(387,254)	668,296
Compensation of Employees	25	**730,628**	**804,228**	**416,974**	**(387,254)**	**668,296**
Use of Goods and Services						
Travel & Conferences		120,000	298,152	223,969	(74,183)	529,690
Operating Expenses		600,350	773,272	611,629	(161,643)	654,712
Rent			24,000	24,000		
Other Operating Expenses		911,160	1,211,602	980,358	(231,244)	978,197
Use of Goods and Services	27	**1,631,510**	**2,307,026**	**1,839,956**	**(467,070)**	**2,162,599**
Nonfinancial assets						
Fixed Assets			17,000	17,000		
Nonfinancial assets	31		**17,000**	**17,000**		
Payments / Outflows		**2,362,138**	**3,128,254**	**2,273,930**	**(854,324)**	**2,830,895**
Increase Decrease in Cash		**229,750**	**995,866**	**638,381**	**(357,485)**	**848,078**

Minisry of Fishery & Marine Resources

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**266,352**	**266,352**	**209,636**	**(56,716)**	**9,636**
Grants						
From other general government units						143,276
Grants						**143,276**
Other Revenue						
Sale of goods and services		170,000	170,000		(170,000)	
Other Revenue	**24**	**170,000**	**170,000**		**(170,000)**	
Receipts / Inflows		**436,352**	**436,352**	**209,636**	**(226,716)**	**152,912**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		41,856	41,856	9,636	(32,220)	9,636
Compensation of Employees	**25**	**41,856**	**41,856**	**9,636**	**(32,220)**	**9,636**
Use of Goods and Services						
Travel & Conferences		22,096	22,096		(22,096)	
Operating Expenses		2,400	2,400		(2,400)	
Other Operating Expenses		200,000	200,000	200,000		
Use of Goods and Services	**27**	**224,496**	**224,496**	**200,000**	**(24,496)**	
Payments / Outflows		**266,352**	**266,352**	**209,636**	**(56,716)**	**9,636**
Increase Decrease in Cash		**170,000**	**170,000**		**(170,000)**	**143,276**

Ministry of Public Works and Reconstruction

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	Final Estimate Appropriation	Controlled by TSA	Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**45,055**	**10,435**	**(34,620)**	
Grants						
From international organizations			10,435	34,192	23,757	
Grants	**23**		**10,435**	**34,192**	**23,757**	
Receipts / Inflows		**34,620**	**55,490**	**44,627**	**(10,863)**	
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	34,220	2,000	(32,220)	
Compensation of Employees	**25**	**32,220**	**34,220**	**2,000**	**(32,220)**	
Use of Goods and Services						
Travel & Conferences			6,550	6,550		
Operating Expenses		2,400	3,985	1,585	(2,400)	
Rent			300	300		
Use of Goods and Services	**27**	**2,400**	**10,835**	**8,435**	**(2,400)**	
Payments / Outflows		**34,620**	**45,055**	**10,435**	**(34,620)**	
Increase Decrease in Cash			**10,435**	**34,192**	**23,757**	

Ministry of Information and Culture

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**180,696**	**180,696**	**57,396**	**(123,300)**	**169,100**
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		118,296	118,296	52,396	(65,900)	59,150
Compensation of Employees	**25**	**118,296**	**118,296**	**52,396**	**(65,900)**	**59,150**
Use of Goods and Services						
Travel & Conferences						94,950
Operating Expenses		62,400	62,400	5,000	(57,400)	15,000
Use of Goods and Services	**27**	**62,400**	**62,400**	**5,000**	**(57,400)**	**109,950**
Payments / Outflows		**180,696**	**180,696**	**57,396**	**(123,300)**	**169,100**
Increase Decrease in Cash		**-180,696**	**-180,696**	**-57,396**	**123,300**	**-169,100**

Ministry of Interior and Local Government

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**7,833,951**	**7,916,951**	**1,607,692**	**(6,309,259)**	**2,860,898**
Taxes						
Other taxes		1,323,875	1,323,875	231,787	(1,092,088)	501,612
Taxes	22	**1,323,875**	**1,323,875**	**231,787**	**(1,092,088)**	**501,612**
Grants						
From other general government units		6,513,255	6,596,255	395,211	(6,201,044)	578,635
Grants	23	**6,513,255**	**6,596,255**	**395,211**	**(6,201,044)**	**578,635**
Other Revenue						
Sale of goods and services		40,600	40,600	11,200	(29,400)	22,000
Other Revenue	24	**40,600**	**40,600**	**11,200**	**(29,400)**	**22,000**
Receipts / Inflows		**15,711,681**	**15,877,681**	**2,245,890**	**(13,631,791)**	**3,963,145**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		202,056	213,056	105,998	(107,058)	33,336
Compensation of Employees	25	**202,056**	**213,056**	**105,998**	**(107,058)**	**33,336**
Use of Goods and Services						
Travel & Conferences		87,312	109,312	108,809	(503)	49,775
Operating Expenses		29,800	29,800	8,444	(21,356)	
Rent		19,400	51,241	36,375	(14,866)	16,979
Other Operating Expenses		411,530	411,530	304,790	(106,740)	308,960
Use of Goods and Services	27	**548,042**	**601,883**	**458,418**	**(143,465)**	**375,713**
Grants						
Grants To Other General Government Units		1,100,040	1,150,040	1,042,293	(107,747)	2,440,000
Grants	28	**1,100,040**	**1,150,040**	**1,042,293**	**(107,747)**	**2,440,000**
Other Expenses						
Premiums,fees,claims related to non-life insurance		3,500	3,500	983	(2,517)	
Other Expenses	30	**3,500**	**3,500**	**983**	**(2,517)**	
Nonfinancial assets						
Fixed Assets		5,800,313	5,768,472		(5,768,472)	11,849
Inventories		180,000	180,000		(180,000)	
Nonfinancial assets	31	**5,980,313**	**5,948,472**		**(5,948,472)**	**11,849**
Payments / Outflows		**7,833,951**	**7,916,951**	**1,607,692**	**(6,309,259)**	**2,860,898**

Ministry of Planning, Investment and International Cooperation

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**399,210**	**406,360**	**29,809**	**(376,551)**	**173,794**
Grants						
From international organizations			3,575		(3,575)	
From other general government units			3,575	348,308	344,733	304,392
Grants	23		**7,150**	**348,308**	**341,158**	**304,392**
Receipts / Inflows		**399,210**	**413,510**	**378,117**	**(35,393)**	**478,186**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		95,220	102,370	-5,691	(108,061)	5,900
Compensation of Employees	25	**95,220**	**102,370**	**-5,691**	**(108,061)**	**5,900**
Use of Goods and Services						
Travel & Conferences		53,930	53,930		(53,930)	44,705
Operating Expenses		22,200	22,200		(22,200)	6,820
Other Operating Expenses		227,860	227,860	35,500	(192,360)	116,369
Use of Goods and Services	27	**303,990**	**303,990**	**35,500**	**(268,490)**	**167,894**
Payments / Outflows		**399,210**	**406,360**	**29,809**	**(376,551)**	**173,794**
Increase Decrease in Cash			**7,150**	**348,308**	**341,158**	**304,392**

Ministry of Transport, Air and Land

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**34,620**		**(34,620)**	
Taxes						
Taxes on goods and services		9,000	9,000	8,220	(780)	6,133
Taxes	22	**9,000**	**9,000**	**8,220**	**(780)**	**6,133**
Other Revenue						
Sale of goods and services				50,547	50,547	
Other Revenue				**50,547**	**50,547**	
Receipts / Inflows		**43,620**	**43,620**	**58,767**	**15,147**	**6,133**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	25	**32,220**	**32,220**		**(32,220)**	
Use of Goods and Services						
Operating Expenses		2,400	2,400		(2,400)	
Use of Goods and Services	27	**2,400**	**2,400**		**(2,400)**	
Payments / Outflows		**34,620**	**34,620**		**(34,620)**	
Increase Decrease in Cash		**9,000**	**9,000**	**58,767**	**49,767**	**6,133**

Ministry of Security and Rehabilitation

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**6,079,220**	**6,179,220**	**5,827,405**	**(351,816)**	**2,861,498**
Grants						
From international organizations			100,000		(100,000)	
Grants	23		**100,000**		**(100,000)**	
Receipts / Inflows		**6,079,220**	**6,279,220**	**5,827,405**	**(451,816)**	**2,861,498**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		5,176,820	5,276,820	5,027,405	(249,416)	2,661,498
Compensation of Employees	25	**5,176,820**	**5,276,820**	**5,027,405**	**(249,416)**	**2,661,498**
Use of Goods and Services						
Operating Expenses		802,400	802,400	800,000	(2,400)	100,000
Use of Goods and Services	27	**802,400**	**802,400**	**800,000**	**(2,400)**	**100,000**
Nonfinancial assets						
Fixed Assets		100,000	100,000		(100,000)	100,000
Nonfinancial assets	31	**100,000**	**100,000**		**(100,000)**	**100,000**
Payments / Outflows		**6,079,220**	**6,179,220**	**5,827,405**	**(351,816)**	**2,861,498**
Increase Decrease in Cash			**100,000**		**(100,000)**	

Ministry of Labor and Employment

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**41,620**		**(41,620)**	
Grants						
From foreign governments			7,000		(7,000)	
Grants	23		**7,000**		**(7,000)**	
Other Revenue						
Sale of goods and services		4,600	4,600	3,500	(1,100)	
Other Revenue	24	**4,600**	**4,600**	**3,500**	**(1,100)**	
Receipts / Inflows		**39,220**	**53,220**	**3,500**	**(49,720)**	
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	25	**32,220**	**32,220**		**(32,220)**	
Use of Goods and Services						
Travel & Conferences			1,900	1,900		
Operating Expenses		2,400	7,020	-2,380	(9,400)	
RCRF Non-Salary Recurrent Cost			480	480		
Use of Goods and Services	27	**2,400**	**9,400**		**(9,400)**	
Payments / Outflows		**34,620**	**41,620**		**(41,620)**	
Increase Decrease in Cash		**4,600**	**11,600**	**3,500**	**(8,100)**	

Ministry of Finance and Economic Development
Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**2,606,873**	**3,197,251**	**2,523,989**	**(673,262)**	**760,445**
Taxes						
Taxes on income, profits, and capital gains				70,307	70,307	
Taxes on payroll and workforce		906,550	906,550	905,416	(1,133)	971,916
Taxes on property		14,000	14,000	13,965	(35)	
Taxes on goods and services		4,753,384	4,753,584	4,732,086	(21,498)	4,090,750
Taxes on international trade and transactions		442,246	442,246	440,543	(1,703)	630,875
Other taxes		24,450	24,450	801,971	777,521	16,738
Taxes	22	**6,140,629**	**6,140,829**	**6,964,287**	**823,458**	**5,710,280**
Grants						
From international organizations			635,936	79,717	(556,219)	
From other general government units		12,878,570	12,878,670	10,484,341	(2,394,329)	8,463,838
Grants	23	**12,878,570**	**13,514,606**	**10,564,058**	**(2,950,548)**	**8,463,838**
Other Revenue						
Sale of goods and services		50,000	50,000	77,135	27,135	4,200
Other Revenue	24	**50,000**	**50,000**	**77,135**	**27,135**	**4,200**
Receipts / Inflows		**21,676,072**	**22,902,686**	**20,129,469**	**(2,773,217)**	**14,938,763**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		1,476,319	656,319	328,764	(327,555)	304,454
Compensation of Employees	25	**1,476,319**	**656,319**	**328,764**	**(327,555)**	**304,454**
Use of Goods and Services						
Travel & Conferences		153,620	459,478	437,840	(21,638)	90,848
Operating Expenses		181,124	710,399	604,541	(105,859)	189,396
Rent		12,000	12,000	12,000		12,000
Other Operating Expenses		726,310	990,152	773,128	(217,024)	163,747
Use of Goods and Services	27	**1,073,054**	**2,172,029**	**1,827,508**	**(344,521)**	**455,991**
Nonfinancial assets						
Fixed Assets		57,500	368,902	367,717	(1,185)	
Nonfinancial assets	31	**57,500**	**368,902**	**367,717**	**(1,185)**	
Payments / Outflows		**2,606,873**	**3,197,251**	**2,523,989**	**(673,262)**	**760,445**

Ministry of Constitution & Federal Affairs

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**34,620**		**(34,620)**	
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	**25**	**32,220**	**32,220**		**(32,220)**	
Use of Goods and Services						
Operating Expenses		2,400	2,400		(2,400)	
Use of Goods and Services	**27**	**2,400**	**2,400**		**(2,400)**	
Payments / Outflows		**34,620**	**34,620**		**(34,620)**	
Increase Decrease in Cash		**-34,620**	**-34,620**		**34,620**	

Ministry of Commerce & Industry

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Note	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**34,620**		**(34,620)**	
Other Revenue						
Sale of goods and services		24,900	24,900	20,045	(4,855)	
Other Revenue	**24**	**24,900**	**24,900**	**20,045**	**(4,855)**	
Receipts / Inflows		**59,520**	**59,520**	**20,045**	**(39,475)**	
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	**25**	**32,220**	**32,220**		**(32,220)**	
Use of Goods and Services						
Operating Expenses		2,400	2,400		(2,400)	
Use of Goods and Services	**27**	**2,400**	**2,400**		**(2,400)**	
Payments / Outflows		**34,620**	**34,620**		**(34,620)**	
Increase Decrease in Cash		**24,900**	**24,900**	**20,045**	**(4,855)**	

Ministry of Women & Human Rights

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Note	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**128,455**	**88,015**	**(40,440)**	**94,245**
Grants						
From international organizations			93,835	86,866	(6,969)	100,955
Grants	**23**		**93,835**	**86,866**	**(6,969)**	**100,955**
Receipts / Inflows		**34,620**	**222,290**	**174,881**	**(47,409)**	**195,200**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	44,980	12,360	(32,620)	
Compensation of Employees	**25**	**32,220**	**44,980**	**12,360**	**(32,620)**	
Use of Goods and Services						
Travel & Conferences			28,340	26,720	(1,620)	31,345
Operating Expenses		2,400	47,535	44,335	(3,200)	50,300
Rent			3,000		(3,000)	6,850
Other Operating Expenses			4,600	4,600		5,750
Use of Goods and Services	**27**	**2,400**	**83,475**	**75,655**	**(7,820)**	**94,245**
Payments / Outflows		**34,620**	**128,455**	**88,015**	**(40,440)**	**94,245**
Increase Decrease in Cash			**93,835**	**86,866**	**(6,969)**	**100,955**

Ministry of Water, Energy and Minerals

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**1,482,389**	**1,854,409**	**511,532**	**(1,342,878)**	**333,511**
Grants						
From foreign governments						
From international organizations			368,270	298,882	(69,388)	139,938
From other general government units		2,626,002	2,629,752	260,237	(2,369,515)	155,455
Grants	**23**	**2,626,002**	**2,998,022**	**559,119**	**(2,438,903)**	**295,393**
Receipts / Inflows		**4,108,392**	**4,852,432**	**1,070,651**	**(3,781,781)**	**628,904**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		122,220	142,920	94,196	(48,724)	87,789
Compensation of Employees	**25**	**122,220**	**142,920**	**94,196**	**(48,724)**	**87,789**
Use of Goods and Services						
Travel & Conferences		81,220	268,738	154,373	(114,365)	122,903
Operating Expenses		522,400	630,902	67,767	(563,135)	50,878
Rent						7,560
Other Operating Expenses		58,800	63,800	27,830	(35,970)	37,016
Use of Goods and Services	**27**	**662,420**	**963,440**	**249,970**	**(713,470)**	**218,357**
Nonfinancial assets						
Fixed Assets		697,749	748,049	167,366	(580,684)	27,365
Nonfinancial assets	**31**	**697,749**	**748,049**	**167,366**	**(580,684)**	**27,365**
Payments / Outflows		**1,482,389**	**1,854,409**	**511,532**	**(1,342,878)**	**333,511**
Increase Decrease in Cash		**2,626,002**	**2,998,022**	**559,119**	**(2,438,903)**	**295,393**

Ministry of Humanterian and Disaster Management

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**299,030**	**240,488**	**(58,542)**	**207,122**
Grants						
From international organizations			249,094	233,840	(15,254)	187,165
From other general government units			9,396		(9,396)	
Grants	**23**		**258,490**	**233,840**	**(24,650)**	**187,165**
Receipts / Inflows		**34,620**	**557,520**	**474,327**	**(83,192)**	**394,287**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	113,614	80,402	(33,212)	71,200
Compensation of Employees	**25**	**32,220**	**113,614**	**80,402**	**(33,212)**	**71,200**
Use of Goods and Services						
Travel & Conferences			67,783	58,905	(8,878)	40,115
Operating Expenses		2,400	94,958	80,156	(14,802)	58,357
Rent			22,675	21,025	(1,650)	37,010
Other Operating Expenses						440
Use of Goods and Services	**27**	**2,400**	**185,416**	**160,086**	**(25,330)**	**135,922**
Payments / Outflows		**34,620**	**299,030**	**240,488**	**(58,542)**	**207,122**
Increase Decrease in Cash			**258,490**	**233,840**	**(24,650)**	**187,165**

Civil Service Commission

Combined Statement of Cash receipts and Payment & comparison to Budget
For the year Ended 31 December, 2025
Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**430,064**	**610,064**	**301,139**	**(308,925)**	**143,781**
Grants						
From international organizations						19,955
From other general government units			180,000		(180,000)	
Grants	23		**180,000**		**(180,000)**	**19,955**
Receipts / Inflows		**430,064**	**790,064**	**301,139**	**(488,925)**	**163,736**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		74,364	74,364	59,964	(14,400)	59,964
Compensation of Employees	25	**74,364**	**74,364**	**59,964**	**(14,400)**	**59,964**
Use of Goods and Services						
Operating Expenses		1,500	1,500		(1,500)	
Rent		18,600	18,600	18,600		18,600
Other Operating Expenses		135,600	135,600	126,545	(9,055)	16,350
Use of Goods and Services	27	**155,700**	**155,700**	**145,145**	**(10,555)**	**34,950**
Nonfinancial assets						
Fixed Assets		200,000	380,000	96,030	(283,970)	48,867
Nonfinancial assets	31	**200,000**	**380,000**	**96,030**	**(283,970)**	**48,867**
Payments / Outflows		**430,064**	**610,064**	**301,139**	**(308,925)**	**143,781**
Increase Decrease in Cash			**180,000**		**(180,000)**	**19,955**

Hirshabelle Parliament

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**1,935,000**	**2,031,000**	**908,000**	**(1,123,000)**	**1,208,965**
Grants						
From international organizations			96,000		(96,000)	
Grants	**23**		**96,000**		**(96,000)**	
Receipts / Inflows		**1,935,000**	**2,127,000**	**908,000**	**(1,219,000)**	**1,208,965**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		1,621,000	1,717,000	758,000	(959,000)	969,110
Compensation of Employees	**25**	**1,621,000**	**1,717,000**	**758,000**	**(959,000)**	**969,110**
Use of Goods and Services						
Travel & Conferences		30,000	30,000		(30,000)	
Operating Expenses		100,000	100,000	100,000		98,348
Rent		184,000	184,000	50,000	(134,000)	141,507
Use of Goods and Services	**27**	**314,000**	**314,000**	**150,000**	**(164,000)**	**239,855**
Payments / Outflows		**1,935,000**	**2,031,000**	**908,000**	**(1,123,000)**	**1,208,965**
Increase Decrease in Cash			**96,000**		**(96,000)**	

Ministry of State Presidency

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2024

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**2,370,824**	**2,419,724**	**2,129,737**	**(289,987)**	**2,852,037**
Grants						
From international organizations			48,900		(48,900)	
Grants	**23**		**48,900**		**(48,900)**	
Receipts / Inflows		**2,370,824**	**2,468,624**	**2,129,737**	**(338,887)**	**2,852,037**
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		850,824	850,824	823,114	(27,710)	740,187
Compensation of Employees	**25**	**850,824**	**850,824**	**823,114**	**(27,710)**	**740,187**
Use of Goods and Services						
Travel & Conferences		400,000	400,000	357,548	(42,452)	347,050
Operating Expenses		1,120,000	1,168,900	949,075	(219,825)	1,764,800
Use of Goods and Services	**27**	**1,520,000**	**1,568,900**	**1,306,623**	**(262,277)**	**2,111,850**
Payments / Outflows		**2,370,824**	**2,419,724**	**2,129,737**	**(289,987)**	**2,852,037**
Increase Decrease in Cash			**48,900**		**(48,900)**	

Auditor General's Office

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**86,916**	**86,916**	**67,351**	**(19,565)**	**62,898**
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		66,936	66,936	48,871	(18,065)	44,418
Compensation of Employees	25	**66,936**	**66,936**	**48,871**	**(18,065)**	**44,418**
Use of Goods and Services						
Operating Expenses		1,500	1,500		(1,500)	
Rent		18,480	18,480	18,480		18,480
Use of Goods and Services	27	**19,980**	**19,980**	**18,480**	**(1,500)**	**18,480**
Payments / Outflows		**86,916**	**86,916**	**67,351**	**(19,565)**	**62,898**
Increase Decrease in Cash		**-86,916**	**-86,916**	**-67,351**	**19,565**	**-62,898**

Ministry of Rehabilititation and Disarment

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620.00**	**34,620.00**		**-34,620.00**	
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220.00	32,220.00		-32,220.00	
Compensation of Employees	**25**	**32,220.00**	**32,220.00**		**-32,220.00**	
Use of Goods and Services						
Operating Expenses		2,400.00	2,400.00		-2,400.00	
Use of Goods and Services	**27**	**2,400.00**	**2,400.00**		**-2,400.00**	
Payments / Outflows		**34,620.00**	**34,620.00**		**-34,620.00**	
Increase Decrease in Cash		**-34,620.00**	**-34,620.00**		**34,620.00**	

Ministry of Religious and Endowments

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**34,620**	**34,620**		**(34,620)**	
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	**25**	**32,220**	**32,220**		**(32,220)**	
Use of Goods and Services						
Operating Expenses		2,400	2,400		(2,400)	
Use of Goods and Services	**27**	**2,400**	**2,400**		**(2,400)**	
Payments / Outflows		**34,620**	**34,620**		**(34,620)**	
Increase Decrease in Cash		**-34,620**	**-34,620**		**34,620**	

Ministry of Petroleum and mining

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	 Final Estimate Appropriation	 Controlled by TSA	 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		34,620	34,620		(34,620)	
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	25	32,220	32,220		(32,220)	
Use of Goods and Services						
Operating Expenses		2,400	2,400		(2,400)	
Use of Goods and Services	27	2,400	2,400		(2,400)	
Payments / Outflows		34,620	34,620		(34,620)	
Increase Decrease in Cash		-34,620	-34,620		34,620	

Ministry of Reconciliation and Resettlement

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2025

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		**1,281,906**	**1,452,906**	**1,412,974**	**(39,932)**	**912,000**
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	**25**	**32,220**	**32,220**		**(32,220)**	
Use of Goods and Services						
Travel & Conferences		50,000				50,000
Operating Expenses		32,400	615,066	612,666	(2,400)	30,000
Conflict Resolution Expenses		1,167,286	805,620	800,308	(5,312)	832,000
Use of Goods and Services	**27**	**1,249,686**	**1,420,686**	**1,412,974**	**(7,712)**	**912,000**
Payments / Outflows		**1,281,906**	**1,452,906**	**1,412,974**	**(39,932)**	**912,000**
Increase Decrease in Cash		**-1,281,906**	**-1,452,906**	**-1,412,974**	**39,932**	**-912,000**

Ministry of Rural Development

Combined Statement of Cash receipts and Payment & comparison to Budget

For the year Ended 31 December, 2024

Government Uses a Treasury Single Account System to Manage Funds

Account	Notes	2025 Original Estimate Appropriation	2025 Final Estimate Appropriation	2025 Controlled by TSA	2025 Difference Between Final Budget and Actual	2024 Controlled by TSA
		USD	USD	USD	USD	USD
Receipts / Inflows						
Consolidated Fund Appropriations		34,620	34,620		(34,620)	
Receipts / Inflows						
Payments / Outflows						
Compensation of Employees						
Wages and Salaries		32,220	32,220		(32,220)	
Compensation of Employees	25	32,220	32,220		(32,220)	
Use of Goods and Services						
Operating Expenses		2,400	2,400		(2,400)	
Use of Goods and Services	27	2,400	2,400		(2,400)	
Payments / Outflows		34,620	34,620		(34,620)	
Increase Decrease in Cash		-34,620	-34,620		34,620	

Notes to the Financial Statements of All Budget Entities

1 Accounting Policies for All Budget Entities

1.1 Financial Statement

Unlike the two single purpose consolidated financial statements for the HSS Consolidated Fund, HSS has chosen to issue a financial statement for each budget entity that combines the *Statement of Receipts and Payments* and the *Statement of Comparison of Budget and Actual Amounts*, in accordance with the International Public Sector Accounting Standard (IPSAS) - *Financial Reporting Under the Cash Basis of Accounting (2017)*

1.2 Basis of Preparation

The individual budget entity financial statement for each ministry/authority of the Hirshabelle State of Somalia (HSS) has been prepared in accordance with the *Public Financial Management Act 2018* and the International Public Sector Accounting Standard (IPSAS) - *Financial Reporting under the Cash Basis of Accounting (2017).* These notes to the financial statements form an integral part of understanding the budget entity statements and must be read in conjunction with the statements.

The accounting policies have been applied consistently throughout the period.

1.3 Consolidated Notes

The following notes serve as notes for all budget entities. There will not be separate distinct notes given for each budget entity immediately following the respective budget entity financial statement. Where clarification is required for a particular budget entity, it will be clearly given in these combined notes.

1.4 Reporting Entities

The financial statement for each entity encompasses the reporting entity as specified in the *HSS Appropriation Act No. 1 of 2024*. All budget entities listed below are controlled by the HSS. All activities of budget entities are funded by the HSS Consolidated Budget or through 3rd Party external assistance.

The preceding financial statements are for the following public sector entities which were created by a preceding Presidential Decree on 20th February 2017 entitled *A Decree Establishing Ministries of Hirshabelle State of Somalia and Defining Roles and Functions of Ministries*. The Ministry of

Finance& Economic Development and Revenue Collection Authority was Established by a Presidential Decree in March 2017. The Decree Establishing the Ministry of Finance & Economic Development (MoFED) was changed into an Act of Parliament on 06 Feb. 2018. The Auditor General's Office was created via Presidential Decree in 2018 and changed into Audit Act on 18 March 2019, however, the Office was not established during the 2018 financial year the Office of the Auditor General come on board in 2019 and now functioning progressively.

A subsequent decree on establishing the Civil Service Commission (CSC) and its purpose entitled *A Decree for establishing the Civil Service Commission of the Hirshabelle State of Somalia dated December 2017* established the office of the Civil Service Commission. Companion Decrees also established the Civil Service and the Civil Service Salary structure. The inauguration of the HSS constitution automatically established the Hirshabelle Parliament. The Civil Service Commission (CSC) was changed to act in October 2018. The respective statements of all the listed entities form part of the consolidated financial statements as these entities were included as part of the *HSS Appropriation Act No. 1, 2024*.

NO	**Budget Entities**
1	Ministry of Justice & Religious Affairs
2	Ministry of Livestock, Forestry and Vegetation
3	Ministry of Ports and Maritime Transport
4	Ministry of Youth and Sports
5	Ministry of Postal, Communication and Modern Technology
6	Ministry of Education and Tertiary
7	Ministry of Environmental and Sea Protection
8	Ministry of Agriculture and Irrigation
9	Ministry of Health and Social Care
10	Ministry of Fishery & Marine Resources
11	Ministry of Public Works and Reconstruction
12	Ministry of Information and Culture
13	Ministry of Interior and Local Government
14	Ministry of Planning, Investment, and International Cooperation
15	Ministry of Transport, Air and Land
16	Ministry of Security and Rehabilitation
17	Ministry of Labor and Employment
18	Ministry of Finance and Economic Development
19	Ministry of Constitution & Federal Affairs
20	Ministry of Commerce & Industry

21	Ministry of Women & Human Rights
22	Ministry of Water, Energy and Minerals
23	Ministry of Humanitarian and Disaster Management
24	Civil Service Commission
25	Hirshabelle Parliament
26	Auditor General's Office
27	Ministry of State Presidency
28	Ministry of Rehabilitation and Disbarment
29	Ministry of Religious and Endowments
30	Ministry of Petroleum and mining
31	Ministry of Reconciliation and Resettlement
33	Ministry of Rural Development

1.5 Treasury Single Account

Budget entities do not operate their own bank account. The Government operates a centralized treasury function which administers cash expenditures incurred and cash receipts collected by all budget entities during the financial year. Payments made on this account in respect of the budget entities are disclosed in the Treasury Single Account (TSA) column in the *Individual Entity Combined Statement of Cash Receipts and Payments and Comparison to Budget.*

1.6 Reporting Currency

The reporting currency is the United States Dollar () rounded to the nearest dollar ($)

2 Receipts/ Inflows

Receipts / Inflows other than Consolidated Fund Appropriations relate to revenue the Budget entity collects on behalf of the Government through its collections activities and are deposited into the Treasury Single Account administered by the Treasury Department. The revenue collected cannot be used to support the operations of the Ministry / Department without specific appropriation by Parliament. Therefore, cash collected is not controlled by the Ministry / Department. Funds allocated for use by the Ministry / Department to fund expenditure are through funds appropriations as outlined in Note 3.

3 Consolidated Fund Appropriations

This represents the cumulative amount of expenditure that was funded from the consolidated fund (Treasury Single Account).

Amounts appropriated by the Hirshabelle Parliament to the budget entities are managed through a single account administered by the Treasury Department. These amounts are not controlled by the individual budget entities but are deployed on their behalf by the single account administrator (Treasury department) on completion of appropriate documentation and authorization through the Financial Management Information System (FMIS). The amount reported as Consolidated Fund Appropriations in the *Individual Entity Combined Statement of Cash Receipts and Payments & Comparison to Budget* is the amount Treasury has released through the Treasury Single Account for the benefit of the budget entities (the amount of "draw down" on the appropriation).

The amount does not reflect actual cash receipts from Treasury because the budget entities do not control their own bank account. The amount reflects the "source" of funds used to make payments.

The following are supporting not in relation to the nature of source of income and the expenses financed through general fund appropriations.

4 Taxes

Taxes refer to revenue arising from taxes on goods and services, local government tax collections (Other taxes). For 2025, a sum of $7,204,294 taxes was collected by the Ministry of Finance while the fiscal year target was $7,473,504, this is impressive improvement in collecting the budgeted revenue.

5 Grants

Grants from international organizations and the Federal Government of Somalia were remitted through the TSA and therefore recorded under the MoF and other MDAs directed to the grants while the MoF manages all grants received by the HSS. In certain cases, donors may fund Ministerial projects unequivocally designed for and implemented by a selected entity. Such project will fall under that particular entity even though the funds are deposited into the TSA or sub accounts under the TSA. Grant income of $36,269,369 was budgeted during the reporting period of FY2024 however $16,773,306 was received.

6 Other Revenue

Sales of goods and services consist of income and other taxes on fines, penalties and forfeits generated from HSS providing necessary legal documents to its citizens. In 2025 financial year, the Ministries and Agencies collected a total of $411,242. HSS provides certain services to the residents at a fee.

7 Employee Compensation

Employee Compensation entails all salaries and wages including in-kind payments. Salaries to civil servants and the security forces make up the prime part of employee compensation. The Recurrent Cost and Reform Financing (RCRF III) provides funding for the payments of salaries of permanent employees of HSS who have been recruited competitively by the Civil Service Commission. During the reporting period, the RCRF III project has paid salaries to the following Entities.

A total amount of $ 573,108 were paid by RCRF III for all. The total number of teachers is 274 teachers across the State.
A competitive recruitment process is a fundamental condition to the project. Adhering to Prudent recruitment, inability of the Civil service commission in scaling-up the recruitment process and political dynamics restricted the uptake of the RCRFII/III Project to meet budgeted expectations.

	2023		2023	
Budget Entity	**RCRFIII**	**# of Staff paid**	**RCRFIII**	**# of Staff paid**
Ministry of Finance and Economic Development	189,533	29	186,480	30
Civil Service Commission	59,964	10	59,964	10
Office of the Auditor General	41,321	7	48,636	8
State Presidency	238,922	65	217,573	65
Ministry of Helthy	43,368	6	18,794	6
Ministry of Education	43,260	43	15,000	32
Total	**573,108**	**160**	**512,653**	**151**

8 Use of Goods and Services

HSS's ability to pay for its operating costs, goods and services and other miscellaneous expenses are determined by the ability to raise or receive sufficient revenue for its budget execution.

Budget Entity	2023 Final Budget	2023 Execution	2023 Execution %
Ministry of Education and Tertiary	94,580	14,200	15%
Ministry of Information and Culture	216,980	103,425	48%
Ministry of Interior and Local Government	4,110,400	1,840,099	45%
Ministry of Security and Rehabilitation	4,885,481	1,116,229	23%
Ministry of Finance and Economic Development	1,239,257	34,410	3%
Hirshabelle Parliament	3,209,790	916,000	29%
Ministry of State Presidency	1,541,645	17,740	1%
	15,298,133	**4,042,103**	**1.63**

9 Grants to Other Government Units

Other government units refer to lower-level governments such as Jowhar, Beledweyne, and Balcad Municipalities. These are the only active local governments in HSS that operates a revenue collection center and incurs expenditure. The Municipalities collect revenue from the public transport system and other mobile businesses within HSS. In the agreement between the Ministry of Finance and the municipalities, all revenue collections of the lower-level government shall be deposited into the TSA and request for incurring expenditures is made by the local government entity using the standard authorizing procedures of the Ministry. The municipality maintains its own set of documentation and standard business procedures in its operation, which is separate from the Ministry.

10 Non-Financial Assets

In 2025, actual expenditures for non-financial assets were substantially below budgeted levels, totaling $1,403,377 compared to a budget of $11,898,332, resulting in a large variance of $6,708,428. Major budgeted categories such as road construction, buildings other than dwellings, dwellings, wells and water holes, and machinery were largely unspent, indicating reprioritization of funds. Smaller items, including ICT equipment, cars, furniture, tree and crop resources, and tools, were closer to budget, with actual expenditures of $380,108, $231,030, $197,050, $17,000, and $74,000 respectively. Compared to 2024, actual spending has increased from $278,309 to $1,403,377, reflecting some activity in ICT, cars, furniture, and dwellings, while large-scale projects such as road construction and wells remained largely unexecuted.

	2025			2024		
	USD			USD		
	Budgeted	**Actual**	**Variance**	**Budgeted**	**Actual**	**Variance**
Information, computer, & telecom. (ICT) equipment	380,950	380,108	842	419,279	74,542	344,737
Machinery and Equipment not elsewhere classified	100,000	-	100,000	485,250	100,000	385,250
Buildings other than dwellings	793,716	-	793,716	528,116	-	528,116
Road construction	5,470,000	-	5,470,000	-	-	-
Cars	560,000	231,030	328,970	458,000	-	458,000
Furniture & Fixture	211,950	197,050	14,900	169,680	103,767	65,913
Wells and water holes	795,133	167,366	627,767	693,616	-	693,616
Tools and specialized professional services	327,578	74,000	253,578	216,591	-	216,591
Cultivated biological resources of animal yielding repeat product	-	-	-	20,000	-	20,000
Tree, crop , and plant resources yielding repeat products	17,000	17,000	-	25,000	-	25,000
Research and development	111,731	-	111,731	25,865	-	25,865
Material and supplies	324,800	-	324,800	6,000	-	6,000
Dwellings	2,705,474	336,823	2,368,651	1,644,087	-	1,644,087
Other structures	-	-	-	30,000	-	30,000
Other land improvement	-	-	-	12,500	-	12,500
Other water infrastructure	100,000	-	100,000	170,000	-	170,000
Total	**11,898,332**	**1,403,377**	**6,708,428**	**4,903,986**	**278,309**	**1,782,017**