

NATIONAL AUDIT CHAMBER



**STATEMENT OF THE AUDITOR GENERAL
ON THE AUDIT OF THE RAPID CREDIT FACILITY (RCF)
OF NOVEMBER 2020
FROM INTERNATIONAL MONETARY FUND (IMF)**

**TO MINISTER OF FINANCE AND PLANNING
GOVERNMENT OF SOUTH SUDAN**

9 September 2021

NATIONAL AUDIT CHAMBER
STATEMENT OF THE AUDITOR GENERAL
ON THE AUDIT REPORT OF THE RAPID CREDIT FACILITY (RCF)
OF NOVEMBER 2020
FROM INTERNATIONAL MONETARY FUND (IMF)

INTRODUCTION

1. This statement is an extract from the Audit Report on the compliance by the Ministry of Finance and Planning (MFP) and the Bank of South Sudan (BOSS) with the laws of South Sudan and the agreements between the IMF (lender) and the government of South Sudan (borrower) represented by the MFP, on the administration and application of the RCF of November 2020 amounting to USD 52,328,252.00.
2. The applicable laws, agreements and regulations include, but are not limited to the following:
 - i) Public Financial Management and Accountability act, 2011.
 - ii) Civil Service Act 2011.
 - iii) IMF Letter of Intent 2020.
 - iv) RCF Grant Agreement and Memoranda, 2020.
 - v) Budgets of the beneficiary Ministries, Departments and Agencies (MDAs).
3. The audit was conducted on the premise that the RCF of November 2020, USD 52, 328,252.00 would be applied, in whole or in part, exclusively for the payment of the salaries of government employees for the months of June and July 2020.
4. I have conducted my audit in accordance with the relevant provisions of the Transitional Constitution of South Sudan 2011, the National Audit Chamber Act 2011, International Standards on Auditing and Generally Accepted Accounting Principles (GAAPs).

A. DISTRIBUTION BY MOFP

Date	Description	USD	USD
17.11.2020	RCF 1 RECEIVED By MOFP		<u>52,328,252</u>
	DISBURSEMENTS:		
26.11.2020	Sold to Bank of South Sudan	40,325,000	
15.12.2020	Sold to Bank of South Sudan	<u>5,300,000</u>	
			45,625,000
	FOREIGN MISSIONS (MOFA&IC)		
23.12.2020	United Nations	103,087	
23.12.2020	United States	84,094	
23.12.2020	United Kingdom	82,771	
23.12.2020	Russia	60,758	
23.12.2020	China	64,246	
23.12.2020	Norway	55,368	
23.12.2020	India	48,359	
23.12.2020	Turkey	62,100	
23.12.2020	Nigeria	56,154	
23.12.2020	Uganda	60,000	
23.12.2020	Uganda	211,421	
23.12.2020	Kenya	60,192	
23.12.2020	Ethiopia	66,349	
23.12.2020	Egypt	81,078	
23.12.2020	Zimbabwe	-	
23.12.2020	South Africa	65,854	
23.12.2020	DRC Congo	45,377	
23.12.2020	Eritrea	-	
23.12.2020	Ghana	-	
23.12.2020	UAE Abu Dhabi	65,417	
23.12.2020	UAE Dubai	61,254	
23.12.2020	Israel	53,520	
23.12.2020	Saudi Arabia	44,444	
23.12.2020	Kuwait	51,414	
23.12.2020	Germany	-	
23.12.2020	Italy	60,689	
23.12.2020	Tanzania	225,000	
23.12.2020	Tanzania	35,847	
23.12.2020	Belgium	56,064	
23.12.2020	France	26,276	

23.12.2020	Geneva	76,364	
23.12.2020	Morocco	<u>70,285</u>	
	Sub-Total (a)	2,033,782	
	PAYMENTS MADE IN JUBA FOR OTHER EXTERNAL ACTIVITIES		
22.12.2020	Lujang Joseph Lugga - Being July 2020 Salary for diplomats. Names and stations not disclosed.	260,000	
22.12.2020	Lujang Joseph Lugga - Being July 2020 Salary for diplomats. Names and stations not disclosed.	513,524	
23.12.2020	Deng Puoch Nguoth - Being July 2020 Salary for Relief and Rehabilitation Commission Attaché in Khartoum.	10,484	
23.12.2020	Bona Alithy Arow - Being July 2020 Salary for Finance Attaches. Names and stations not disclosed.	37,145	
23.12.2020	Jiath Yual Yoa - Being July 2020 Salary for Humanitarian Attaches. Names and stations not disclosed.	98,000	
23.12.2020	Joseph Jong Deng - Being July 2020 Salary for Defense Attaches. Names and stations not disclosed.	585,387	
23.12.2020	Moses Makuek Mabior Makuek - Being July 2020 Salary for Immigration Attaches. Names and stations not disclosed.	585,539	
04.01 2021	Ater Dekbai Riop – Being cost of Students Emergency Fund. Home of the Fund not disclosed.	<u>24,472</u>	
	Sub-Total (b)	2,114,551*	
23.12.2020	General Intelligence Bureau (GIB) Attachés (c)	1,337,838*	
28.12.2020	Directorate of Taxation (Personal Income Tax and Pension) (d)	517,150	
28.12.2020	GOSS Liaison Office Addis Ababa (e)	28,928	
23.12.2020	Unidentified Payees (f)	<u>19,529</u>	
	Total (a+b+c+d+e+f)		6,051,778
31.12.2020	Bank Charges		<u>21,094</u>
	TOTAL PAYMENTS		51,727,872
	Balance at Bank		<u>600,380</u>
	TOTAL RCF1 of NOV 2020		52,328,252

* End user beneficiary information not provided to auditors

B. APPLICATION OF RCF 1 BY BANK OF SOUTH SUDAN

Description	USD
Amount purchased from MOFP	
Less:	45,625,000
Amount auctioned to Forex Exchange Bureaus	(27,800,000)
Amount paid to Supplier (De La Rue) for currency printing	(1,908,190)
Amount paid to Supplier (JEDCO) for Electricity Supply	(6,000,000)
Bank Balance	(83,190)

C. DISBURSEMENTS OF PROCEEDS OF \$45,625,000 Converted to SSP 7,944,251,458

Findings on compliance of payments with audit criteria are in the main Audit Report.

Central Government	Remitted	Received per Credit Advice	Difference
June Salary	1,216,870,504	931,952,464	284,918,040
July Salary	1,294,523,350	976,472,326	318,051,024
Sub-Total	2,511,393,854	1,908,424,790	602,969,064
Organized Forces			
	<i>Remitted</i>	<i>Received per Credit Advice</i>	<i>Difference</i>
June Salary	1,112,812,613	1,035,388,331	77,424,282
July Salary	1,337,258,692	1,040,312,542	296,946,150
Sub-Total	2,450,071,305	2,075,700,873	374,370,432

State Governments and Administrative Governments			
	<i>Remitted</i>	<i>Received per Credit Advice</i>	<i>Difference</i>
June Salary	1,299,080,273	1,026,238,997	272,841,276
July Salary	1,299,080,273	1,048,227,722	250,852,551
Sub-Total	2,598,160,546	2,074,466,718	523,693,828
Grand Total	7,559,625,705	6,058,592,381	1,501,033,324*

	SSP
Proceeds from sale of UAD 45,625,000 at rate of 174.122 SSP/Dollar	7,944,251,458
Less: Disbursement to MDAs	<u>7,559,625,705</u>
Balance	384,625,753
Balance from disbursement to MDAs above	<u>1,501,033,324</u>
Total Balance at Central Government and States Governments	<u>1,885,659,077</u>

- **Audit has not obtained sufficient explanation for this difference.**

D. PREMIUM FROM AUCTION OF 27,800,000 USD BY BOSS

Auction Amount USD	Proceeds at Auction Bid Rate	Proceeds at BOSS Official Rate	Premium SSP
2,000,000	1,049,322,340.00	374,143,600.00	675,178,740.00
2,000,000	1,044,513,509.40	369,501,600.00	675,011,909.40
2,000,000	1,039,353,410.00	364,917,200.00	674,436,210.00
2,000,000	1,051,285,670.00	361,252,600.00	690,033,070.00
2,000,000	1,071,171,050.00	361,200,800.00	709,970,250.00
2,000,000	1,065,142,720.00	361,060,800.00	704,081,920.00
2,000,000	1,057,468,419.00	360,857,800.00	696,610,619.00
800,000	419,509,520.00	144,274,320.00	275,235,200.00
2,000,000	1,050,048,840.00	360,616,200.00	689,432,640.00
2,000,000	1,100,872,787.96	360,062,600.00	740,810,187.96
2,000,000	1,077,770,507.80	360,062,600.00	717,707,907.80
2,000,000	1,062,179,730.10	359,877,800.00	702,301,930.10
2,000,000	1,027,676,760.00	359,565,600.00	668,111,160.00
2,000,000	1,010,807,902.00	359,600,400.00	651,207,502.00
<u>1,000,000</u>	<u>478,022,145.00</u>	<u>179,733,900.00</u>	<u>298,288,245.00</u>
<u>27,800,000</u>	<u>14,605,145,311.26</u>	<u>5,036,727,820.00</u>	<u>9,568,417,491.26</u>
REMITTED TO MFP			(6,000,000,000.00)
Applied Against MFP Overdraft			<u>(3,568,417,491)</u>
Balance in Premium Account			Nil

Qualified Conclusion

Based on the audit procedures performed and the evidence obtained, except for the matters in the basis of qualified conclusion paragraph, the application of the RCF of **USD 52,328,252** was in compliance, in all material respects with the applicable criteria.

Basis of Qualified Conclusion

- Ineligible payments amounting to **USD 2,134,080** made to individual accounts and **USD 849,830** irregularly spent on salary arrears from June 2019 to July 2020 in foreign missions.
- Variances between allocated/budgeted funds and actual transfers to Central Government MDAs and the States amounting to **SSP 1,501,033,324 (USD 8,620,683)** as explained in issues 6.5, 6.7 and 7.1.
- RCF funds amounting to **SSP 664,153,069 (USD 3,814,341)** were utilized to finance State Conditional Loans, contrary to the agreement.
- Payment of non-salary creditors in the States amounting to **SSP 92,747,547 (USD 532,664)**.
- Failure to provide supporting documentation for payments amounting to **SSP 81,538,110 (USD 468,287)**
- Insufficient information regarding identities and postings of recipients of **USD 3,462,389**. See starred items on page 3 *supra*.
- Numerous discrepancies identified and discussed in the main Audit Report

**SSP has been converted at the rate of 174.12*

RECOMMENDATIONS.

These recommendations apply to all payments against monies from all sources including IMF Facilities, loans, grants and government revenue.

1. Generally Accepted Accounting Principles, Financial Regulatory Procedures and Public Financial Management laws must be understood, adhered to and enforced in all circumstances.
2. The issuance of biometric identification cards is absolutely necessary.
3. All public sector payrolls must be digitized.
4. Public Sector employees' emoluments must be paid through the Commercial Banks.

Signed:

Steven Kiona Wöndu
Auditor General
Republic of South Sudan
Date: 9th September 2021.