

## BUDGET EXECUTION

Respect for the integrity of the budget remained a worrying challenge. The original budget was boosted during the year with a supplementary budget for almost all government spending agencies. Ordinarily, supplementary budgets are exceptional appropriations to redress specific national emergencies.

Audit found no evidence that the Ministry of Finance and Economic Planning based the release of funds to spending agencies on approved budget lines. While some institutions were cash starved, others received, on the discretion of the Ministry, more funds than were legally authorized. I am unable to affirm that the Ministry of Finance and Economic Planning conducted the financial affairs of the country in accordance with the Appropriations Act promulgated by the Southern Sudan Legislative Assembly and signed into law by the President of the Government of Southern Sudan in 2007. Examples:

### a) The Ministry of Cabinet Affairs:

- Spent USD 15,514,488 (475%) out of budget.
- Exceeded budgeted payroll expenditure by 202%.
- Exceeded budgeted operating expenditure by 112%.
- Cash withdrawals amounting to SDG 7,830,764 could not be accounted for.
- SDG 567,966 cash balance at year end was not returned to the Consolidated Fund Account and spent outside the formal procedures.

### b) The Ministry of Education, Science and Technology:

- Spent USD 3,860,917 out of budget.
- Used SDG 8 million allocated for 'casual workers' for unexplained purposes.

### c) The Ministry of Health:

- Received only 40% of its appropriation for 2007. Of this the ministry hoarded a cash balance of SDG 3, 259,517 in the box on December 31<sup>st</sup> 2007. The use to which this cash was subsequently put could not be ascertained in the process of audit.

### d) The Southern Sudan Legislative Assembly:

- Overspent USD 5,611,843 on pay roll.

### e) The Ministry of Legal Affairs and Constitutional Development:

- Overspent SDG 220,575 on payroll.

### f) The Ministry of Finance and Economic Planning:

- Overspent its total budget allocation by USD16,888,403.
- Spent USD 2,283,820 without explanations and supporting documentation.
- The budget on Office and General supplies was over spent by 1,507%
- Other operating expenses were overspent by 407%.
- Donations and grants were overspent by 811%

### g) A 'loan' or 'loans' to Nile Commercial Bank amounting to USD 3 million had no terms and conditions. The bank denies the existence of such a transaction or transactions.

### h) The Human Rights Commission:

- Over spent budget lines by SDG 353,923.
- Did not surrender savings of SDG 2,871,173 to the Consolidated Fund.

## OIL REVENUE

### a) Out of USD 1.541 billion transferred to GoSS according to the Ministry of Finance and National Economy Petroleum Unit, USD114.11 million was not disclosed in the GoSS financial statements of 2007. Audit was not assisted to trace the destination of this amount.

### b) GoNU deducted USD 43.96 million from GoSS oil revenue as direct expenditure but no supporting documents have been availed to GoSS or audit.

### c) USD 383.06 million due to GoSS had not been remitted by the end of 2007. We shall continue to track these outstanding balances up to the end of the interim period.