





Steps are underway to revise the legislative and auditing measures and develop instruments of questioning and accountability so that they might constitute a cornerstone for future action in Oman. We hereby underscore the great significance of these steps in protecting the rights of citizens, as well their role in consolidating justice and decency. This justice system will be accorded our special attention.

His Majesty Sultan Haitham bin Tarik

18th November 2020





Following the approach of HM Sultan Haitham bin Tarik in promoting the principles of transparency, integrity and accountability and involving the community to enhance the schema of audit to achieve Oman Vision 2040 objectives.

State Audit Institution (SAI) prepared the Community Brief on 2022 annual report Results. The Community Brief included significant topics of the annual audit plan, results and the Institution efforts in revealing financial and administrative irregularities. It also highlighted the Institution role in promoting integrity and engaging the community through receiving complaints and reports pertaining to negligence and violation of applicable laws, systems, regulations and decisions.

State Audit Institution has prepared the annual audit plan for the year 2022 for the entities subject to its audit taking into account Oman Vision 2040, INTOSAI adopted principles and standards, materiality, risk analysis of audit topics and audit manuals.



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The United Nations Convention against Corruption













Government Units

- Audit of tax assessment and collection of companies income tax, withholding tax and indirect taxes (excise tax and value-added tax), and performance audit of planning activities and tax policies
- Administrative audit of activities of intellectual property, commercial establishments, and performance audit of the Directorate General of Standards and Metrology
- Assessment of the quality and efficiency of the services provided at the Ministry of Housing and Urban Planning
- Administrative audit of food security system and the Center for Food Safety and Quality
- Audit of electricity and water bills and dues for mosques
- Performance audit of waiting time for patient appointments in some health establishments, and assessment of procedures followed in the Directorate General of Private Health Establishments
- Performance audit of an aspect of the strategic planning and development work in the Ministry of Education
- Audit of the phenomenon of forged educational certificates
- Administrative audit of job seekers training project
- Administrative audit of tourism promotion efficiency and effectiveness
- Follow-up and assessment of Muscat Municipality land investment mechanism

Authorities, Investments and Companies

- Audit of some financial and administrative activities and permits issuance in the Environment Authority
- Audit of claims submitted by the contractor of the design and construction project of cargo and aircraft maintenance buildings at Muscat and Salalah airports
- Follow-up on the implementation of the Omanization and succession of (1000) technical jobs in the electricity sector
- Performance audit of the ninth and tenth strategic plans of the Public Establishment for Industrial Estates
- Performance audit of inspection procedures of mining licenses
- Audit of inventory management in some exploration and production companies
- Audit of claims management in some exploration and production companies
- Audit of Management and Operation of Gas Plants & Facilities
- Audit of engineering, procurement & construction contracts and consultancy services & project management contracts in a company operating in oil & gas sector
- Audit of ticket sales revenues in Oman Air

- Audit of some subsidiaries of Fisheries Development of Oman
- Audit of the multi-use building and the main building projects of the Civil Service Employees Pension Fund







Amounts due to the State Public Treasury recovered in 2021 in light of the Institution follow-up on the recovery of those amounts and receipt of supporting documents on their collection.



Public fund cases that the Institution dealt with in 2022, for some of which convictions were issued including punishments of imprisonment for periods ranging from 1 month to 10 years and fines between OMR 100 and OMR 78,000. In addition to verdicts of ancillary and complementary punishments.

Classification of Financial and Administrative Irregularities Addressed by the Institution

- Bribery
- Forgery in official and customary instruments
- Embezzlement
- Misuse of position
- Information forgery in government data

- Abuse of position
- Conflict of interest
- Misuse of public fund
- Failure to perform job duties







Companies Income and Withholding Taxes



Non-adherence of several companies subject to income tax to the Income Tax Law and its Executive Regulations, as follows:





Some companies did not submit their tax returns and no tax assessment was conducted on those companies Some companies intentionally did not disclose a portion of their real revenues in their submitted tax returns

Action taken

All cases referred to in the Institution audit report are being examined and appropriate actions are being taken thereto



Non-adherence of some companies to deduct withholding tax and submit it to the Tax Authority.

Action taken

An amount of OMR (726) thousand was collected and other amounts are being followed up after addressing the companies on the details of those amounts

Selective and Value-added Taxes

Non-adherence of some taxpayers subject to selective and valueadded taxes to submit tax returns within the specified legal periods.

Action taken Administrative penalties were imposed on some taxpayers nonadherent to the submission of selective and value-added tax returns. In addition, the system is currently being programmed for automatic penalty imposition in case of non-submission of selective tax returns in their due dates

Administrative Audit of Tax Policies & Activities

Necessary studies and policies have not been prepared to address tax evasion despite the increase of suspected tax evasion cases.

Absence of a system linking income tax registrees with value-added tax registrees.

Absence of an approved working procedure manual for audit and assessment of income tax and withholding tax.

Action taken

Necessary actions are being taken and have been included in the tax gap study under preparation

Ministry of Commerce, Industry & Investment Promotion

Intellectual Property

Inactive intellectual property departments in the governorates due to lack of employees, resulting in centralization of all intellectual property services in the National Office of the Ministry as well as limited number of employees with expertise in the field of intellectual property.

Action taken

Aiming at activating their roles, the Ministry coordinated with the directorates and departments in the governorates to nominate employees for the participation in intellectual property training programs

Incomplete procedures set for intellectual property services launched through Invest Easy portal, such as registration services of trademark, copyright, and neighboring rights, as the services provided are limited to the digitalization of the application submission procedure (application submission and registration). Other services such as patents, industrial designs, and geographical indicators have not been launched.

Action taken

A National Intellectual Property Strategy has been drafted and is under approval. It contains several initiatives that help address risks and challenges facing the National Intellectual Property Office

Audit on Commercial Establishments

The need to enhance audit processes to verify compliance of companies to the applicable laws and legislations by further activating the role of the Department of Audit and Control of Commercial Establishments.

Action taken

The department has been supported with necessary human resources to further activate its role

Delay in conducting necessary studies to update laws regulating commercial and investment activities, and verifying the suitability of those laws with the current economic developments and their compliance with the development requirements being sought by the Sultanate of Oman, despite the lapse of long periods since the issuance of many of them.

Action taken

The Ministry is in the process of preparing the drafts of Commercial Register Law, the Trade Law and Commercial Agencies Law. Additionally, the updating of Accounting and Auditing Profession Law is under discussion

Performance Audit of the General Directorate for Standards & Metrology

Lapse of more than 15 years without activating and updating the Omani Regulation for the Accreditation of Calibration and Testing Laboratories issued by Ministerial Decision No. (122/2004), and the Decision No. (66/2007) issued on forming the committees stipulated in the Regulation, due to non-obtainment of international recognition.

Action taken

A draft regulation on laboratories is under preparation and activation of accreditation competencies stipulated in the Regulation is under approval in order to obtain international recognition



Despite the increase in inspection campaigns and detection of 169 irregularities during 2020, there was a decrease in performance efficiency of precious metals and artefacts stamping laboratory.

Action taken

The Ministry seeks to activate the control governance initiative on precious metals and artefacts stamping, and enforce the Regulation on the Control of Precious Metals



Ministry of Housing and Urban Planning

Assessment of Quality and Efficiency of the Ministry Services

The services provided in the unified hall are only limited to real estate registry, land grants completion and planning services. As for the rest of the services, visitors are directed to the competent administrative units of the Ministry. In addition, some directorates did not adhere to provide employees in the unified hall to facilitate service provision to citizens.

Action taken

All services provided by the Ministry are being included in the new structure of the unified hall

There are some challenges facing some e-systems (the electronic platform), Choose your Plot system, Salasah system and the call center, which affect the workflow in the unified hall and the performance of the provided services.

Action taken - Despite the challenges related to network outages, 23 services have been launched. In cooperation with the Oman Vision 2040 Implementation Follow-up Unit, the Ministry will launch the national platform for complaints, suggestions and reports

- The challenges facing the e-correspondence system (Salasah) are being resolved with the company executing the project



Non-activation of some electronic systems, which affects the quality of the provided services and prevents obtaining necessary data promptly upon execution of transactions for the beneficiary as well as hinders the availability of data necessary for transactions completion and implementation.

Action taken

- The concerned entities have been addressed to expedite the e-linkage between relevant government entities

- E-linkage has been established with the Civil Status system of the Royal Oman Police and "Invest Easy" system of the Ministry of Commerce, Industry and Investment Promotion



Assessment of Food Security System in the Sultanate of Oman

Non-issuance of a new or updated strategy on food security in the Sultanate of Oman that includes a well-established plan with clear objectives to be implemented within a specific timeline and is coherent with the objectives of Oman Vision 2040.

Action taken

The formation of a national team from various entities concerned with food security has been approved to supervise the development of a comprehensive food security strategy for the Sultanate of Oman 2025-20240, and the project financial budget amounting to OMR 300 thousand has also been approved

Disproportionate volume of food reserve stock compared to the current population growth, in addition to the absence of an approved mechanism to determine the limit required for the strategic food reserve that must be secured by importing all basic commodities.

Action taken

The concerned authorities are exerting efforts to reconsider the minimum food stock in line with population growth, and to allocate the amounts required to raise the stock volume

Absence of an early warning system that helps predict circumstances in which food shortage may occur in the future.

Action taken

Ministerial Decision No. (36/2023) was issued on the formation of a committee to establish an information system for early warning of food security Absence of a database to manage food security in the Sultanate of Oman that should be periodically updated with regard to food commodities, demands and consumer attitudes towards the change in dietary pattern.

- An analytical database was prepared for global prices of basic food commodities to follow up the movement of their global stock

Action taken

- The Ministry is preparing a Geographic Information System database (GIS)

- The Sultanate of Oman has acceded to the International Grains Council (IGC) under the Grain Trade Convention, which will enable it to access the IGC database

Assessment of the Center for Food Safety and Quality

Multiplicity of entities responsible for food control within the Sultanate of Oman, which resulted in overlapping specializations and dispersal of food control efforts.

Action taken

The Center for Food Safety and Quality coordinates with other concerned entities, especially municipalities of Muscat, Dhofar, Musandam and other municipalities in the governorates to activate food control and joint work. In addition, there is a national food safety committee concerned with activating efforts and joint work

Absence of binding controls and requirements for companies, establishments and factories operating in the field of food products within the Sultanate of Oman to register their food products that are to be offered in local markets, unless exported abroad.

Action taken

The Center has prepared a regulation for registration of all food products and is currently under review in the Ministry The role of the Center is limited to food safety control and inspection at land, air and sea border crossing points, despite the absence of controls and regulatory mechanism to control local food products (plant and animal) produced on farms and traded in local markets within the Sultanate of Oman.

Action taken

The Center, in coordination with the general directorates in the governorates, collected samples from farms and analyzed them in the central laboratory, and followed up sample collection from Mawaleh Central Market in cooperation with Muscat Municipality. Also, a mechanism is being regulated to follow up on the safety and quality of agricultural products produced and traded locally. Exported and locally produced agricultural products are being inspected as well



Absence of a consolidated system for food products (Halal) to facilitate export and import between countries and entities adhered to the system.

Action taken

The Center has prepared a regulation to issue Halal certificates (under review) that contributes to providing income sources through entities concerned with certificate issuance when assigned by the Center

A large proportion of food establishments is beyond the scope of the Center controls and inspections due to limited data available at the Centre on food establishments registered in the Sultanate of Oman.

Action taken

This challenge will be addressed by the issuance of the regulation for product registration

Ministry of Endowments and Religious Affairs

Audit of Electricity and Water Bills and Dues for Mosques



Delay in issuing the regulation for the account of Endowment Fund for Caretaking of Mosques, leading to accumulation of dues to electricity and water companies for the years 2021 and 2022, and failure to benefit from the amount deposited in the Fund account.

Action taken

- Ministerial Decision No. (169/2023) was issued on the Reconstitution of the Board of Directors of the Endowment Fund for Caretaking of Mosques instead of the aforementioned regulation

- An investment plan will be implemented through the Endowment Fund for Caretaking of Mosques

There were many illegal electricity and water connections from mosques to private properties of some citizens, leading the Ministry to bear the consumption costs of those connections.

Action taken

Necessary actions are being taken to rectify the current situation, and the property owners are being charged with the electricity and water consumption cost

Delay of the Ministry in investing no less than 20% of the total amount allocated for the electricity and water item approved by the Ministry of Finance through the Endowment Fund for Caretaking of Mosques for the years 2021 and 2022. Such investment was intended to charge the Fund with the electricity and water expenses of mosques from its revenues.

Action taken

The allocated amount will be invested in light of the Ministerial Decision issued on the Reconstitution of the Board of Directors of the Endowment Fund for Caretaking of Mosques The Ministry incurred the electricity consumption cost for some mosques located in lands owned by other government entities or in private properties of citizens, in violation of the Regulation of Masjid Mosques and Jami mosque.

In breach of the Regulation of Masjid Mosques and Jami Mosques, electricity and water meters of facilities attached to the mosque, such as endowed shops and residential apartments, were not separated from the meters of the mosque.

Action taken

Necessary actions are being taken to rectify the current situation. Also, the entities and private property owners are being charged with the electricity and water consumption cost

Increase of monthly electricity consumption dues in a number of mosques in the Governorates of Dhofar and North and South Al Sharqiyah, some of which exceeded OMR 2000 per month, in violation of the Ministry of Finance's publications on rationalization of expenditure.

Increase of monthly water consumption dues in (8) mosques in South Al Sharqiyah Governorate, some of which exceeded OMR 500 per month.

Action taken

Necessary actions are being taken to rectify the current situation



Assessment of Waiting Time for Patient Appointments

A number of (28) doctors met patients and performed some surgeries in private health establishments during the official working hours in government hospitals, and during days on which they are not authorized to practice work in private health establishments, in violation of the controls stipulated in the regulations in this regard.

The Ministry took a number of regulatory actions in accordance with the specificity of the health sector, including:

Action taken

- Issuing circulars to all private health establishments to comply with the systems

- Not permitting doctors to practice the profession in private health establishments during their official working hours

- Forming a working team to study and evaluate some specializations in private health establishments to ensure their compliance with the Ministry's specifications and requirements

A number of (17521) referrals issued by health establishments under the Ministry of Health to outpatient clinics at Khoula Hospital and (12018) surgeries were not scheduled during the period from 2017 to 2021.

Action taken

Waiting periods have been scheduled and names of surgical patients have been entered into a system whereby appointments are prioritized based on each case



Long waiting periods from the date of appointment arrangement to the actual date for meeting doctors in outpatient clinics and performing surgeries in Royal, Khoula and Al-Nahdha hospitals.

- The Ministry is tackling the challenges pertaining to long waiting periods for appointments as a strategic priority

Action taken

- A team has been formed to work on developing mechanisms to reduce appointment waiting periods in specialized clinics and diagnostic radiology, and develop a methodology to ensure continued provision of such services in a timely manner

- Another team has been formed to work on increasing the capacity of general and specialized surgeries



Long waiting time for appointments scheduled to perform some types of radiology in both Royal and Khoula Hospitals, in addition to variations in some types of radiology and other diagnostic methods such as endoscopy and electrography performed per day.

The Ministry took several actions, some of which are:

Action taken - Activation of social media platforms

- Introduction of a triage system in Al-Shifa Healthcare Information Management System to determine urgent and other cases

- Conclusion of a financing agreement between the Royal Hospital and a private hospital to cover MRI scanning

Assessment of Procedures Followed in the Directorate General of Private Health Establishments

Recurrence of violations against some private health establishments as a result of allowing visiting doctors to practice the medical profession and allied medical professions without obtaining licenses or with expired licenses, as (19) violations were detected against one private health establishment.

Action taken

The Ministry addressed private health establishments with regard to doctors working with expired licenses, and requested them to abide by the granted privileges and specified working days



Repeated violations committed by some doctors working in government health establishments due to practicing medical profession in private health establishments without obtaining a license as regulated by the provisions of the Law for the Practice of the Medical Profession and regulations and decisions issued thereof, or practicing with an expired license. A number of (4) violations and (2) warnings against one doctor were detected in one year.

Action taken

The Ministry seeks to enhance its human resources in order to activate the supervisory role to monitor the work of doctors and assess their commitment to working hours and granted privileges

Lack of staff specialized in following up the data of visiting doctors working in private health establishments, and limitation of the role played by the Directorate in conducting evaluations and periodic visits to those institutions. A number of (150) field visits for 1600 institutions were carried out by only 7 employees, with a coverage rate of 9% from January till July 2022.

Action taken

Coordination is underway with the competent authorities to support the Ministry with the required human resources to solve the challenges



Performance Audit of an Aspect of the Ministry's Strategic Planning and Development Works

- The number of students in classrooms exceeds the approved limit in (549) schools.
- Use of educational facilities as classrooms in (233) schools, in addition to aging of some school buildings and poor structural conditions of (54) schools.



About (148,000) students were affected by the decreased learning time as a result of the constant increase in the number of evening schools by 194% in 2022 compared to the situation in 2015, as the number of students reached (54,772) in public evening schools at a rate exceeded 400% during the same period.

Teaching load on teachers increased by more than 37% in the year 2021 as a result of employment of only (475) male and female teachers during the period (2015-2022) due to non-availability of financial grades for appointments, in addition to the delay in localizing teachers appointed outside their areas of residence.

Action taken

The Ministry stated that due to the financial circumstances during the said period and their impacts on the ninth five-year plan, alternative plans adopted by the Ministry were implemented after reducing the spending

Ministry of Higher Education, Research and Innovation

Decrease of national staff succession in some colleges, and increase in the percentage of non-Omani training and teaching staff in most majors.

Action taken

The Ministry is working on the succession of qualified national staff as planned since 2021. Total Omanization rate among academic staff in all vocational colleges has reached more than 67%



Continuation of contracting with some private sector companies to provide academic, teaching and technical staff during the years 2020 and 2021, in violation of the directives in this regard.

Action taken

The succession plan of qualified Omani staff is being implemented without prejudice to the training and teaching process, and coordination is underway with the Ministry of Labour and the Ministry of Finance to transfer Omani staff contracts from corporate contracts to government contracts



Audit of The Phenomenon of Forged Educational Certificates

Limited commitment by recruiters in both public and private sectors in the process of qualification equivalence of their employees and workers due to the difference and variation in the requirements of the Ministry of Higher Education, Research and Innovation and the Ministry of Labour with regard to the legal legislations governing the recruitment process in those sectors, resulting in the prevalence of the phenomenon of forged educational certificates issued by non-Omani university educational institutions.

Action taken

The Ministry issued a decision approving the service guide for commercial licenses, which requires attaching academic qualifications for specialized and technical professions that are approved by the competent authority and compatible with the required professions. On the other hand, the Ministry of Labour has begun the trial of ratification of specialized certificates through (Oman Society of Engineers), and the Ministry will evaluate how successful the trial is after six months from its start, to indicate the success of the trial and then circulate it to other professional associations



Assessment of Job Seekers Training Project

Assignment of training activities to training and marketing institutions without verifying their ability to fulfil their contractual obligations.

Action taken

The Ministry has a quality control team that evaluates training institutions to verify their ability to fulfill their contractual obligations before contracting with them

Non-compliance of some companies to employ the trainees after the completion of training programs, resulting in payment of amounts for training contracts without fully optimizing such programs.

Action taken

A clause in the training contract obligates companies to employ the trainees. Non-compliant companies are banned, and financial payments are freezed in case of non-completion of recruitment procedures, whereas non-compliant institutes are blacklisted. A special team is dedicated to conduct quality checks to verify the companies' ability to pay the salaries of their workers and check on the stability level of such companies as well as ensure that they have entities



Dismissal of some citizens after the end of training and appointment period due to contract expiration, project completion, or arbitrary dismissal. This resulted in placing additional burdens on the Job Security Fund, although the concerned companies have gained several benefits, including: more opportunities to obtain permits to recruit expatriate workers, and benefiting from national manpower while charging their training cost to the State's General Budget.

Action taken

The Ministry has placed solutions to such challenges in the contracts of oil, gas and construction companies by transferring employees to other companies, whereby the company's is signed to transfer the national labour to other locations in the event of project completion. As for other sectors, the company financial stability and the appropriate number of individuals called for training are currently being considered in accordance with the concluded contract

The status of the trainee in the Ministry's e-system is identified as an employee during the training period. Thus, the trainee is blocked in the system immediately after signing and registering the contract of training coupled with employment or the on-the-job training, resulting in depriving the trainee of job opportunities in case of noncommitment of those establishments to appoint him at the end of the training period.

Action taken

The situation has been remedied to allow trainees to apply for labour market job opportunities that are not funded by the government

Ministry of Heritage and Tourism

Performance Audit of Tourism Promotion Efficiency and Effectiveness

The number of visitors to the Sultanate of Oman did not exceed 4.7% of the total number of visitors to the GCC States during 2017-2020.

Action taken

In partnership with the National Centre for Statistics and Information, a team was formed to improve tourism indicators. The Ministry is considering adopting some tools to trace visitors of some locations by using networks and questionnaires



Difficulty in measuring the efficiency and effectiveness of 12 external representation offices in attracting tourists from various countries, in disproportion to the amounts disbursed on those offices by 33% of the total actual expenditure for the project of development and promotion of tourism sector during the years (2017 – 2021).

Action taken

The Ministry agreed with the observation of State Audit Institution on the importance of having clear performance indicators for the tourism representation offices. The Ministry has also coordinated with some Embassies to carry out marketing and promotion works





Despite payment of OMR 3.4 million during the period (2017-2021), contribution of various promotional activities to introduce the Sultanate of Oman was not inferred, which limits the assessment of the feasibility of participation in the promotional programs and activities implemented by the Ministry.

Action taken

The Ministry is coordinating with the National Centre for Statistics and Information to provide tools to measure the effectiveness of tourism promotion activities and programs

Some recommendations of the Oman Tourism Strategy have not been implemented with regard to the development of the official website (Experience Oman) despite its great significance, including:



Some tourism facilities, hotels, hotel apartments and tourist attractions were not included in the website.

Absence of a feature to link the locations in the trip system with various navigation applications.



Unavailability of a calendar for events and activities that might attract tourists.



Unavailability of a direct booking feature in the website.

Action taken - The website is being updated to add some features in coordination with the National Survey Authority. Those recommendations will be considered in the new website that will be launched within the digital transformation project

- A public tender will be floated for the preparation of the events and activities calendar



Follow-up and Assessment of Muscat Municipality Land Investment Mechanism (Administrative Audit)

Lack of approved bases and rules regulating the investment and determining the mechanism for awarding investments and concluding usufruct contracts with investors. In addition, update of the investment plan for Muscat Municipality lands (2020-2025) has not been finalized since its approval on 31/8/2020.

Action taken

The investment plan and priorities for offering investment opportunities are being updated, and some land plots included in the plan are being invested

The investment plan for the Municipality lands is limited to the investment status of (41) vacant land plots out of total (205) unvested land plots for investable uses, which affects the efficiency of managing the Municipality's investments and its development goals in the fields of economic diversification and financial sustainability.

Action taken

A study is being conducted to include details of the investment type in the investable lands, and the preparation of a gradual investment plan for such lands is being agreed on



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Difficulty in verifying the compatibility of investment procedures of some land plots with the investment plan objectives during (2020-2021). In addition, some investments were concluded by direct agreement, and a clear mechanism regulating the invested land plots pricing was not set in a manner that reflects the market prices and achieves fair contractual value.

Action taken

A number of measures have been taken to market and promote the Municipality land plots designated for investment. Additionally, direct communication is taking place with the officials of "Invest Oman" hall and investors who attend it. Some land plots included in the plan are under investment
Summary of Audit Observations on Authorities, Investments and Companies

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Non-recovery of fees and penalties for environmental license issuance and renewal at the Environment Authority for 676 permits, despite lapse of long time since their expiry, ranging from three months to three years and a half.

Action taken

The Authority will carry out field visits to those companies to verify their obtainment of licenses and their compliance with environmental requirements. Additionally, the electronic system will be updated to allow the Authority to identify and follow up environmental permits immediately upon their issuance



Civil Aviation Authority did not claim for the value of incurred damages due to contractor's failure to complete the design and construction project of cargo and aircraft maintenance buildings at Muscat and Salalah airports, in addition to the costs to be incurred by the Authority for project completion.

Action taken

All claims and damages are being analyzed and will be settled with the contractor



Appointment of 556 staff in various electricity companies as of November 2021 in the first batch of the initiative under the Authority of Public Services Regulation for the Omanization and succession of 1000 technical jobs in the electricity sector, whereas the targeted number of worker appointment was 627. It is to be noted that 15 workers from the 556 appointed have resigned.



Issuance of variation orders to accommodate the appointment of Omanis without having a succession timeline for the replacement of non-Omanis holding technical positions in electricity sector subcontractors. The succession of Omani workers after their training will reduce the value of contingency and maintenance contracts which are currently totaling OMR 74.6 million.

Action taken

The Authority will coordinate with the concerned companies to set corrective controls and procedures

Public Establishment for Industrial Estates (Madayn)

Performance Audit of the Two Strategic Plans of the Establishment (2017-2020) – (2021-2025)



Non-achievement of the cumulative target for the volume of investments during the ninth strategic plan (2017-2020) with a difference of 74%, in addition to achieving 19% only out of targeted 50% of foreign investment, as follows:





Withdrawal of 1225 projects occupying 12 million square meters of land, some of which were in the production phase during the ninth and the beginning of the tenth strategic plans Non-completion of 48 projects costing OMR 200 million as part of the projects of the ninth strategic plan, which resulted in the delay of some projects and transfer of the implementation to the tenth strategic plan, in addition to noncompletion of 209 projects listed in the first year of the tenth strategic plan with an estimated value of OMR 1.6 billion, representing 80% of the total number of targeted projects

- The Establishment is developing a mechanism to set project implementation priorities; in light of their implementation challenges pertaining to financing, economic feasibility, gas availability and long licensing procedures

- An executive plan is under process to address causes of investors failure and withdrawal. Several incentives for investors and privileges for some industrial zones have been provided with regard to rental value





Performance Audit on Inspection procedures of Mining Licenses



Non-calculation of mining royalties on inventory for a number of canceled and suspended companies, resulting in revoking the mining licenses and non-collection of mining royalties.

Action taken

The Ministry has developed a number of controls and procedures, such as:

- Monitor mining sites and license issuance
- Collect mining royalties and increase site visits
- Take necessary actions against companies in case of detection of shortfalls
- Some companies continued operating in mining sites despite the expiration of their mining licenses. Additionally, some companies continued mining operations for over 5 years despite the issuance of their closure notices and revocation of mining licenses. No legal actions have been taken in this regard.

Action taken

Notifications were issued and time limit was given to those companies to initiate closure procedures, and Non-compliant companies were referred to judicial authorities



Action taken

The Ministry is reinforcing its supervisory role through inspection of any company violating mining regulations and referral of such companies to the concerned authorities to take further necessary measures

Low number of inspectors with judicial authority (24 inspectors) in the mining sector compared to the number of granted licenses (590 licenses), resulting in limited inspections, control and violation detection. In addition, calculation of due royalties sometimes relied on data provided by licensees.

Action taken

The Ministry stated that one of the key reasons behind limited inspections and control is the lack of financial allocations and impossibility of granting judicial authority to inspectors appointed on temporary contracts. The Ministry is in the process of closing some mining projects, which will result in increased inspections and control



Non-recovery of penalty for violations issued by the Ministry control and inspection team during the years 2018 to 2020.

Action taken

The Ministry re-considered several violations and coordinated with the Public Prosecution





Non-follow up of actual recovery for which judgements were issued in favor of the Ministry, and non-referral of returned cheques under fines and penalties clause to the concerned authorities.

Action taken

An amount of OMR 97 thousand has been recovered, and remaining amounts are being followed up

Absence of measurement methods and electronically linked systems to identify the quantities extracted from underground and quantities sold by companies operating in the mining sector, while simply relying on reports provided by companies or by measuring the excavation depth on site.

Action taken

International standards are currently followed in the preparation and submission of feasibility studies starting from the exploration stage until the completion of mining activities and site handover

OMR 6.6 million

Non-collection of due royalties from some mining license holders, some of which date back to 2016, in breach of the decisions and regulations issued in this regard.

Action taken

An amount of OMR 2.1 million has been collected and remaining royalties are under collection. As per the recommendation of State Audit Institution, defaulting companies will be referred to legal authorities in case of non- commitment to settle the dues



Loss of royalties as some companies operating in mining sector submitted sales revenues data to the Ministry of Energy and Minerals lower than those submitted to Tax Authority, and some companies submitted false mining revenue reports compared to sale invoices. Additionally, absence of necessary measures to match between the quantities recorded in the mining revenue reports for quarry materials and the actual quantities used in government projects.

Action taken

The Ministry has taken several measures including setting a mechanism for cooperation and linkage with the Tax Authority to control mining companies, and requesting them to submit financial statement reports for periodic audit. Additionally, necessary measures are taken to control oversight and audit of sales statements, laboratory examination certificates, and actual exported mineral quantities. Moreover, violating companies are referred to legal and judicial authorities and the implementation of judgements issued in favor of the Ministry are being followed up



Non-recovery of the social contribution value by 1% of the annual production value, in violation of the Mineral Resources Law.

Action taken

The Ministry stated that most companies were unable to settle social contribution due to COVID-19 pandemic impacts. An amount of OMR 859 thousand has been recovered for 2019 and 2020, and remaining amounts are under recovery



Audit of Inventory Management in Some Exploration and Production Companies



Audit of Claims Management in Some Exploration and Production Companies







Audit of Management and Operation of Gas Plants & Facilities



Additional costs were incurred to address defects resulting from the use of inappropriate materials for pipes and the deposition of sulfur in some parts of the gas plant under one project, which prevented the utilization of the total plant capacity.



Non-achievement of the optimal design capacity utilization of gas plants and facilities, in light of the decrease in annual utilization rate from 62% to 53% during (2018-2021), despite the increase of operational costs from USD (128.6) million to USD (133.3) million during the same period.



Payment of USD (27) million during (2017-2021) to reduce the effects of salt deposits, without considering those challenges before the commencement of the Gas Depletion Compression Project (second phase).

Action taken The company will drill more wells and consider the possibility of connecting gas facilities with adjacent concession areas, which will contribute to increasing the utilization of the plants actual production capacity. It has also taken corrective measures which has achieved positive results in the salt deposits treatment

Audit of Oil Country Tubular Goods Contracts





Audit of Engineering, Procurement & Construction Contracts and Consultancy Services & Project Management Contracts in a Company Operating in Oil & Gas Sector

USD 111 milkion Loss of revenue realization due to production loss during 2021 caused by technical challenges in operating some units.

Action taken

The company is improving the operational performance and increasing production, as well as including costs in the claims with the contractor when final settlement negotiations are conducted



Non-levy of delay penalty from the contractor for non-chievement of project initial acceptance, in violation of the contract rovisions.

Action taken

A team has been formed to discuss technical and financial issues with the contractor



Loss of revenue realization after overall initial acceptance of the second package due to non-achievement of total production capacity because of technical challenges in operations and raw materials availability.

Action taken

The units efficiency test has been passed and they are operateing at full capacity



Risks of project cost increase due to (24) pending claims with the first package contractor related to extension and work changes made by the company and other parties.

Action taken

A specialized team has been formed to initiate discussions with the contractor to reach a final settlement



Additional costs incurred to import some materials to meet the project units requirements due to the delay of the first package contractor in completing the assigned works, in addition to incurring costs to compensate the second package contractor for delay in providing some materials.

Action taken

The company will claim the amounts paid to the second package contractor from the first package contractor during the financial settlement negotiations

Audit of some Financial, Administrative & Operational Activities in a Company Operating in Oil and Gas Sector



Financial burdens incurred during (2018-2021) as a result of leasing some equipment to a company with a monthly rent less than its operational costs, in addition to incurring operational costs for pressure and geothermal measurement equipment despite their non-utilization.

Action taken

The company seeks to lease well services equipment as part of its performance improvement plan. In addition, part of the equipment was sold in March 2021 for USD 46,000





Slow-moving inventory maintained for more than (3) years without conducting an annual technical review as per Inventory Management Guidelines.

Action taken

Procedures are in progress to assign a consultant for inventory assessment



Continuous decline in the percentage of Omanization in certain departments within the company, averaging at 38%. In addition to the employment of non-Omanis in (6) technical positions in the field of information technology and security, which is in violation of the circulars issued in this regard.

Action taken

Procedures are in place to increase the Omanization percentage in accordance with the succession and Omanization plan approved by the Board of Directors, including the IT department



Audit of Ticket Sales Revenues



Receivables due until September 2021, some of which have been in arrears for more than one year, representing 37% of the total uncollected amounts.

Action taken

Collection procedures are being improved and required measures are being taken by the company

OMR 4.6 million

Issuance of discounted tickets to some government entities despite the absence of contracts. In addition, (114) companies and travel agencies were given discounted rates despite the expiration of their contracts.

Action taken

With the aim of halting ticket issuance after contract expiration, the company will update all discount codes in the electronic system to be linked with the contract validity period



Payment of incentives for 81 travel agents due to adjusting the granted incentive values, in addition to granting incentives to (3) travel agents for their performance in 2019 although they did not achieve the targeted sales specified in the contracts.

Action taken

The company reviewed and amended the incentive rates in accordance with the contracts

OMR 2.8 million Payment of incentives to some travel agents in a country in contrary to the calculation mechanism stipulated in their contracts.

Action taken

The company will amend the contract terms to clarify the proper calculation mechanism





Commissions were paid to sales agents in a country despite the decrease of sales to OMR 679 thousand.



Additional costs incurred due to changing the sales agent payment from compensation-based to cost-based system plus profit margin without linking it to sales performance.

Action taken

The incentive system has been modified and linked to sales performance, and reduction of commission rate has been negotiated



Oman Water and Wastewater Services Company (Nama Water Services)

Audit of Some Projects



Inaccuracy of detailed specifications set for the project of design and implementation of the main water transmission line system reinforcement project in North and South Al Sharqiyah Governorates resulted in the change of the chlorine unit system for 12 locations.

Action taken

The company agreed with the State Audit Institution recommendation to ensure accuracy when setting specifications for projects



Tender floated for treated effluent pipeline construction project from the wastewater treatment plant in Al-Amerat to Wadi Al-Janhi, despite the non-use of the treated effluent lines and networks in each of the A2-A3-A4 sewage projects.

Action taken

The company coordinated with various entities that can increase treated effluent consumption and utilization

Fisheries Development of Oman

Audit of Some Subsidiaries of Fisheries Development of Oman



Loss of revenues as a result of non-achievement of catch quantities and non- commencement of Tuna fattening project as per the approved strategic plan.

Action taken

The company is working on addressing financial challenges and reducing losses to reach the break-even point in 2023



Losses incurred as a result of mortality of large quantities of farmed fish.

Action taken

The company is in the process of reducing fish mortality percentage to those approved by the feasibility study. The mortality percentage has reduced to 43% and the company strives to further reduce it to 35%



Audit of the Multi-use Building Project



Contractor's claims increased by 25% of the original contract value.

Action taken

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The Fund started imposing a delay penalty as per the contract terms, and necessary settlement of claims will be carried out in the final account

Audit of Main Building Project



Non-levy of delay penalty on the contractor despite delay in project completion for more than (800) days up to November 2022.

OMR 1.5 million

Additional costs incurred for subcontracting to complete works which the main contractor failed to execute.

Action taken

The value of the penalty specified in the contract will be retained until the appropriate financial settlement is made with the contractor, and the amounts due will be determined post completion of the final account



Efforts of State Audit Institution in Integrity Promotion

Financial and Administrative Irregularities

In accordance with entrusted responsibilities under State Audit Law issued by Royal Decree No 111/2011, State Audit Institution dealt with (113) financial and administrative irregularities in 2022 that constituted criminal suspicions or offenses



Cases Addressed by the Institution

0	Referred to the Public Prosecution	14
0	Under investigation and evidence collection	32
0	Cases of previous years before the court	67



Revision of Draft Laws, Regulations and Decisions

As per Article No. (5) of State Audit Law issued by Royal Decree No. 111/2011, State Audit Institution reviews and remarks on draft laws, regulations and systems developed by entities subject to its audit with respect to financial accounting affairs, taxes and charges



Number of reviewed legislations in terms of entities from which legislations are received



Complaints and Reports

Proceeding from the principle of "Oversight is Everyone's Responsibility" and out of the Institution's keenness for involving the community in playing an active role in the protection of public fund in aspects related to financial and administrative irregularities, negligence, failure to perform job duties and misuse of public fund, the Institution has exercised its professional care towards receiving complaints and reports from the community through available communication channels, as follows:

2021		2022
405	Financial and administrative irregularities	459
19	Employees grievances	28
35	Disruption of citizens interests	74
22	Improper tendering process	21
24	Abuse of power	5
505	Total	587
% 93	Completion Rate	%84

Statistics of Complaints and Reports Registered with the Institution for Some of the Entities Subject to its Audit

2021		2022
ö 111	Ministry of Housing and Urban Planning	ہ 119
110	Municipalities Sector in the Governorates	93
37	Ministry of Health	31
16	Nama Holding Company (Nama Group)	25
34	Ministry of Education	20
24	Ministry of Labour	15
11	Ministry of Endowments and Religious Affairs	18
10	Civil Aviation Authority	9
9	Oman Air	11
6	Petroleum Development Oman	4
6	Oman Water and Wastewater Services Company	10

Examples of Judgments of Conviction Issued during 2022

A director of Marketing and Sales Department at a government company requested and accepted a benefit to perform one of his job duties

The accused was convicted of the felony of money laundering and misdemeanor of obtaining a benefit, using and profiting from his position, breaching one of his duties and realizing an advantage for himself. He was further convicted of a misdemeanor of violating Foreigners Residency Law, and sentenced with the most severe punishment for money laundering to ten- year imprisonment, a fine of OMR (51,700) and confiscation of funds subject of the crime and any funds owned by the accused equal to the value of the money subject of the crime, as well as removal from office and permanent deportation from the country after completing the execution of the punishment

A female ministry employee was suspected of embezzling an amount of OMR 8,299 through forgery of some documents and contracts for some daily-paid workers. Another female employee was suspected of embezzling an amount of OMR 4,146

The first accused was convicted of the felony of official instrument forgery and money laundering, and was sentenced for money laundering felony with the most severe punishment to five-year imprisonment and a fine of OMR 50,000. The second accused was convicted of the felony of official instrument forgery, the felony of using the forged instruments with knowledge of its forgery and the misdemeanor of failing to undertake her job duties. For the felony of forging official instruments, the court sentenced her with the most severe punishment to threeyear imprisonment, removal from office and permanent deportation from the country after completing the sentence of imprisonment



An employee in an administrative affairs department at a ministry was suspected of misusing his position and committing electronic forgery by approving a number of fake contracts and entering false data in the monthly attendance sheets for daily-paid workers with the aim of realizing an advantage for himself and others, which resulted in an inadmissible payment of amounts

The first accused was convicted of the felony of public fund embezzlement by forgery and was sentenced to one-year imprisonment, a fine of OMR 20,867, restitution of OMR 6,767, removal from office and prohibition from assuming public office. He was also convicted of the felony of information forgery for which he was sentenced to one-year imprisonment and a fine of OMR (3000). He was additionally convicted of the misdemeanor of misusing public office and was sentenced to one-year imprisonment and a fine of OMR (500). Furthermore, he was sentenced to one-year imprisonment for the misdemeanor of abuse of position and one-year imprisonment for the misdemeanor of misuse of public fund. The second and third accused were convicted of the felony of participating in public fund embezzlement and were sentenced to one-year imprisonment and a fine of OMR (20,367). They were also convicted of the misdemeanor of information forgery for which they were sentenced to one-year imprisonment and a fine of OMR (3000). The second accused was additionally convicted of the felony of money laundering and was sentenced to one-year imprisonment and a fine of OMR (50,000). Both the second and third accused were sentenced to deportation from the country and confiscation of funds

An employee in a municipality was suspected of committing bribery, money laundering of unknown origin and using IT tools to commit electronic forgery in the municipality e-system through bypassing the condition of field technical and health inspection required for the approval

The first accused was convicted of the felony of money laundering with the most severe punishment and sentenced to five-year imprisonment, a fine of OMR (6500), removal from office and permanent prohibition from assuming public office. The second accused was convicted of the felony of bribery with the most severe punishment and sentenced to three-year imprisonment and a fine of OMR (3000) A number of employees in a municipality were suspected of misusing their positions by registering lease contracts in contrary to what is stated therein, as well as accessing the municipality's contracts program and using the username and password of another employee to skip the required inspection procedures for shops, resulting in non-collection of an amount of OMR (35,783)

The first accused was convicted of the felony of money laundering with the most severe punishment and was sentenced to sevenyear imprisonment, a fine of OMR (16775), removal from office and permanent prohibition from assuming public office. The second accused was convicted of the felony of information forgery with the most severe punishment and was sentenced to temporary threeyear imprisonment and a fine of OMR (3,600). The third accused was convicted of bribery with the most severe punishment and was sentenced to five-year imprisonment and a fine of OMR (6000).

An assistant director of property credit in a government company was suspected of money embezzlement

The accused was convicted of the felonies of embezzlement through forgery, forging and using forged official instrument with knowledge of its forgery, and misdemeanors of electronic forgery, failure to preform job duties and the misdemeanors punishable by Article (16) with reference to Articles (7), (4) and (15) of the Protection of Public Fund & Avoidance of Conflict of Interest Law. The accused was sentenced to tenyear imprisonment for the felony of embezzlement through forgery, restitution of the embezzled amounts of OMR (78,830), removal from office and permanent prohibition from assuming public office, as well as confiscation of forged documents for appropriate destruction and deportation from the country after completing the execution of the punishment



An accountant in a contracting and procurement section in a ministry was suspected of requesting and receiving a bribe, using his position for realizing an advantage for himself and others, exceeding the limits of his position and failing to perform his job duties by facilitating tender award procedures for renting a bus with a driver for Al Dhahirah Regional Medical Store. The total benefits obtained by the employee amounted to OMR (20,957)

The two accused were convicted and sentenced to three-year imprisonment. The first accused was sentenced to a fine of OMR (20,957), removal from office and prohibition from assuming public office

An employee in a ministry misused his position by using fuel filling cards and embezzling an amount of OMR (66,642)

The accused was convicted of misdemeanor of theft and sentenced to sixteen-month imprisonment and restitution of the embezzled amount of OMR (66,642) to the ministry

An employee in a government company embezzled an amount of OMR (14,400)

The accused was convicted and sentenced to five-year imprisonment, a fine of OMR (14,400), restitution of embezzled amount, removal from office and deportation from the country

Awareness and Integrity Promotion

With the aim of boosting community partnership, promoting integrity values, establishing the culture of protecting public fund and preserving the State gains, State Audit Institution has devoted considerable attention to media and awareness aspects by implementing many programs, activities and events, as follows:

2021		2022
77	Radio & television programs	94
10	Radio & television interviews and reports	31
29	Press releases	29
11	Seminars & lectures	5
141	Digital awareness releases	96
4	Printed awareness releases	4
272	Total	259



The United Nations Convention against Corruption

Based on the Institution responsibilities to discharge the tasks of the Anti-Corruption Authority and follow-up the implementation of the United Nations Convention against Corruption, and within the framework of the Sultanate of Oman's implementation of its obligations under the aforementioned Convention, the efforts exerted during 2022 resulted in the following:

Review of the implementation of the United Nations Convention against Corruption:

Participation in the country visit to review Costa Rica's implementation of the second and fifth chapters of the UN Convention against Corruption

Review of the implementation of the Arab Anti-Corruption Convention:

Participation in the first session of the implementation review group of the Arab Anti-Corruption Convention

- Participation in meetings and conferences held with regard to the UN Convention against Corruption
- Participation at the level of the GCC anti-corruption committees (Ministerial Committee, Undersecretaries Committee and Experts Committee)
- Participation in the meetings of anti-corruption law enforcement authorities in the member states of the Organization of Islamic Cooperation (OIC)



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