

*Harmonizing domestic revenue
mobilization reforms in Somalia*
Capacity Building Programs for
Revenue Departments of Somalia

Addis Ababa, 26-28 November 2022



Training Program

- Strengthen function-based capabilities of the Revenue Departments in Somalia.
- Designed on the principle of the “whole of Somalia” approach:
 - Federal Government
 - Galmudug State
 - Hirshabelle State
 - Jubbaland State
 - Puntland State
 - South-West State
- 64 Revenue officials including 14 female officers.



Objectives of the Training

- Impart latest theory and practice in:
 - Carrying out audits.
 - Undertaking risk management functions through data analytics.
 - Developing communication practices.
- Facilitate peer-to-peer learning.
- Foster networking.
- Develop camaraderie among the Revenue Departments at the federal and state level.



Critical Areas of Learning

1. Tax Audit
2. Data Analytics for Risk Management
3. Communications/ Strategic Outreach and Engagement



Tax Audit

Objectives:

- Support establishment of fully functional Tax audit department in FGS and FMS
- Develop skills and capacity of audit teams
- Facilitate exchange of information between FGS and FMS audit team members.

Course Content

Tax Audit Capacity Building Training Program	
1.	Introduction: Purpose and types of audits, professional duties, Auditing standards and guidelines, <u>Roles</u> and importance of Tax Audit in tax administration
2.	Basic Auditing skills: Required skills and competence, Professionalism, confidentiality, powers and rights of tax auditors, Rights and Obligations of taxpayers
3.	Audit techniques: Planning an audit, audit tests, Forms of audit evidence, producing working papers, Understanding Internal controls, Internal control reviews, sampling, preparing audit reports
4.	Initial Phase of the Audit: Selection of Audit cases, Desk review, Arrival at the taxpayer's premises, initial interview; physical control of the business premises and inventory; taking note of changes in basic information about the taxpayer; books and records to be made available by the taxpayer
5.	Financial Statement Analysis: Audit of Balance Sheet and Income Statement Accounts. Examination of the Books and Accounts; Indirect Methods, Secondary Records, System Analysis, Selective Enquiries; Sampling Techniques
6.	Overview of Tax laws: Introduction and overview of various tax laws including Personal income tax/ payroll tax, corporate taxes and VAT and audit techniques.
7.	Audit procedures for Income Tax and VAT
8.	Fraud and Investigations: Various types of tax evasion and frauds, planning an investigation, detection of frauds, and important red flags
9.	Use of Popular algorithms for fraud investigations, Use of MS-Excel analytics in Audits, data mining and excel analytics in audits
10.	Issues in corporate taxation, creation of shell companies, VAT/ Sales tax evasion, digital transactions
11.	Post Audit checks: Audit review process, overview of appeals, Evaluation of audit results



Data Analytics for Risk Management

Objectives:

- Introduce data analytics in R and its application in risk management, such as analysis of third-party information, developing risk profiling models, etc.
- Impart basic orientation training on facilitating/conducting data analytics training.
- Provide virtual mentoring / coaching / oversight to potential trainers to conduct training on basic data analytics using R in Somalia.
- Evaluate potential trainers as master trainers for basic training in data analytics using R based on their performance of training other officials.
- Identify certification opportunities for master trainers.



Course Content

- R Studio environment.
- R community (presentation of the notion of packages, presentation of the leading Websites related to R communities).
- R data types.
- Use of variables.
- Basic commands arithmetic, statistics, loops, and use of external files (Excel, CSV).
- Creation of functions.
- Data visualization (use of ggplot2).
- Merging / joining data from different sources (application in third party information).
- Modelling (a focus on the application of classification to risk management).



Communications/ Strategic Outreach and Engagement

Objectives:

- Understand basic concepts related to communications and planning.
- Identify communication and media landscape in each respective region.
- Develop actionable and practical communication plans for the Revenue Departments.



Course Contents

1. What are communication goals..? (**Developing Objectives**).
2. Who is being reached..? (**How to conduct Audience Analysis**).
3. What is being conveyed..? (**How to develop Messaging**).
4. What tools to use.? (**Which Communication Mediums are best for use**).
5. How to accomplish this..? (**Developing a Workplan**).
6. What is being achieved..? (**How to develop Outcomes**).
7. Review, assesses and refine (**How to undertake Evaluation**).