

ديوان المحاسبة  
State Audit Bureau  
المحاسبون الكويتيون منذ عام 1966 Since 1966



## CITIZEN'S REPORT

TOGETHER WE WILL SAFEGUARD KUWAIT'S FUNDS

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## “ SAB Acting President Message

“ **The Citizen's Report 2018** ” Is the first Publication that addresses the citizen with the aim of raising awareness about the State Audit Bureau role in the protection of public funds and the citizen involvement in the overseeing of the community by applying the following:

- Urging citizens and civil society organizations to participate in public accountability.
- Highlighting the most important issues that affect the society.

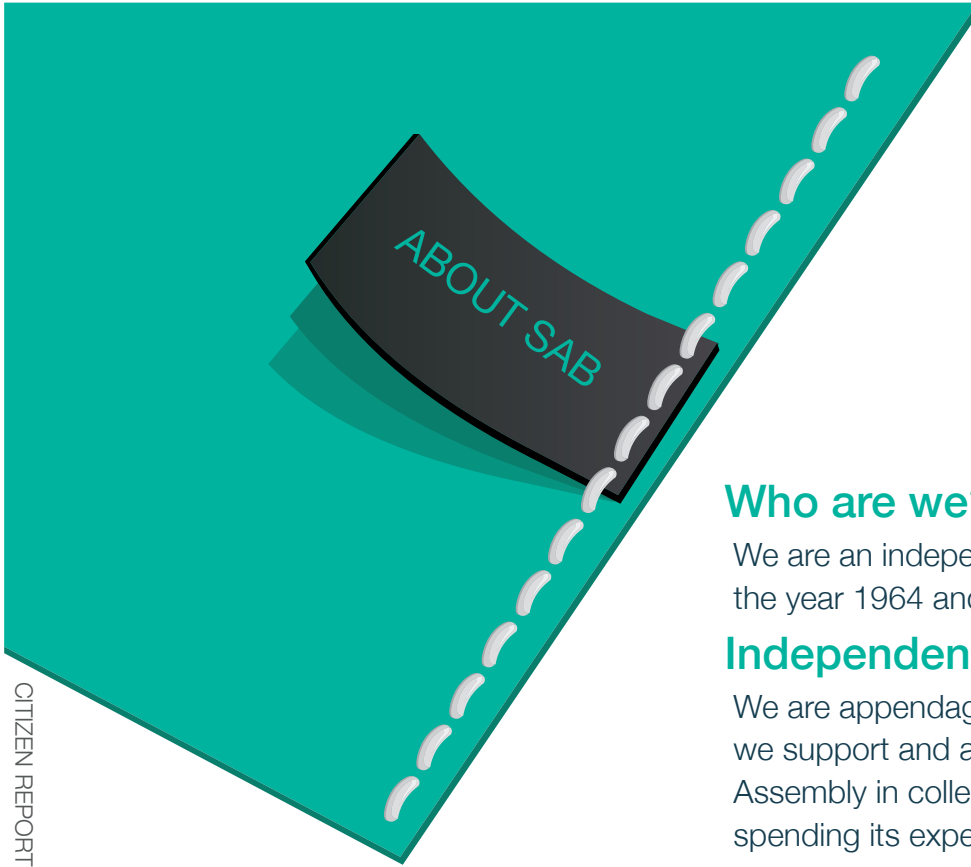
*Let us work together to safeguard Kuwait*

Adel Abdulaziz Al-Sarawi



A/President of the State Audit Bureau





## Who are we?

We are an independent audit body established by law (30) of the year 1964 and we are called the State Audit Bureau.

## Independency ?

We are appendage of the National Assembly. we support and assist the government and the National Assembly in collecting the revenues of the government and spending its expenses within the budget.

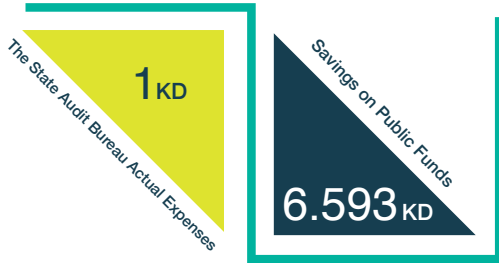
# ABOUT SAB

## SAB Financial Affect

The financial affect is the benefits resulted from the State Audit Bureau control, such as reducing costs, increasing revenues or collecting amounts that are incurred because of undue expenses.

Savings on Public Funds  
**293,892,346 KD**

The State Audit Bureau Actual Expenses  
**44,573,997 KD**



Added Value

## Our Control Includes

Government ministries and departments.

State bodies and institutions.

Municipalities and all local bodies with public legal entity.

Companies and institutions in which the State owns 50% of its capital.

Companies licensed to exploit or manage a public utility of the State, granted a concession to exploit or manage a public utility of the State, or granted a concession to exploit a resource of the state natural wealth.

## SAB Workforce

Kuwaitis

993

Non Kuwaitis

202

## Strategy and Governance



### Mission

Achieve effective control over the public funds in entities subject to SAB control in accordance to the best professional practices.



### SAB Strategic Goals 2016-2020

- Activate SAB strategic management.
- Support and develop SAB institutional capacities of SAB and the professional capabilities of SAB staff.
- Develop communication and encourage and increase knowledge and experience sharing.



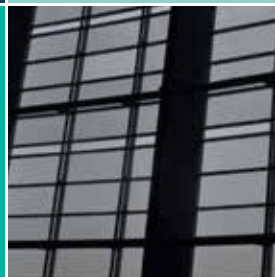
### Values

Independence, accountability support, professionalism, continuous improvement.



### Vision

Maintaining excellence in performing our work professionally and efficiently.





## Governance

### Responsible management

Is a set of policies and procedures to create a working environment that supports justice, transparency and accountability in order to perform the work optimally.

SAB seeks to be a model institution through the following:

- 1- SAB staff need to disclose any conflicts of interest by reporting relations or interests that may affect their work performance.
- 2- SAB staff are prohibited from accepting or requesting gifts, services, hospitality or any other benefits.
- 3- Developing a “Code of Ethics Guide” that includes a set of values and principles that guide employee behavior and performance by promoting integrity, independence, competence, professional conduct and confidentiality while providing training on best professional practices.



## SAB Outputs

### Reports Prepared By SAB



- 1 Periodical report: The results of the examination and review conducted during the fiscal year.
- 2 Annual report: Results of the examination and review on the implementation of budgets of ministries and government departments, as well as the public institutions and entities and their final accounts.
- 3 Commission Disclosure Report: statement of the contracts addressed by the provisions of law No. (1) for the year 1996 regarding the disclosure of commissions in contracts concluded by the State. It shall be included in the annual report with the remarks thereon.
- 4 Special report: prepared by SAB upon an official assignment by the National Assembly or the Council of Ministers.
- 5 Semi-annual report: Reports on the invested funds based on Law No. (1) for the year 1993 on the protection of public funds.
- 6 Other reports on critical issues : Reports prepared upon an assignment from SAB President, control reports on the levels of efficiency, economy and effectiveness in the management of government entities resources, or reports on control studies of specific topics.

#### Directed To :

- ▶ Entities subject to SAB control
- ▶ The Amir, President of the Council of Nation, Prime Minister and Minister of Finance.
- ▶ The Amir, President of the Council of Nation, Prime Minister and Minister of Finance.
- ▶ National Assembly, Council of Ministers
- ▶ National Assembly
- ▶ National Assembly, Council of Ministers

## Our Role in Protecting Public Funds Abroad

2016 / 2017

UK

Audit the work of the Kuwait Investment Office in London.

2016 / 2017

The Hashemite Kingdom of Jordan

Audit the work of the advisory office assigned to follow up the grant of the State of Kuwait to the Hashemite Kingdom of Jordan.

2017/2018

UK

Follow-up the developments of the financial position of the investments bases in the Kuwait Investment Office in London.

2017/2018

UAE

A field visit to one of the tankers of Kuwait Oil Company from Fujairah Port, United Arab Emirates to Mina Al Ahmadi, Kuwait.

2017/2018

2018/2019

The Federal Republic of Germany

Examine and audit the accounts of the embassy, diplomatic missions and other offices in Berlin and Frankfurt, Federal Republic of Germany.

2018/2019

Kingdom of Bahrain & Sultanate of Oman

Follow-up of Kuwait government grant to the Kingdom of Bahrain and the Sultanate of Oman under the supervision of the Kuwait Fund for Arab Economic Development.

## Citizens and Employees Responsibilities

Public property shall be inviolable. Its protection is the duty of every citizen as stated in the following:

- Article (17) of the Constitution
- Article ( 1 ) of the Public Funds Protection Law

## Citizen

- Cooperation
- Safeguarding Public Property
- Safeguarding Public Funds
- Environment preservation

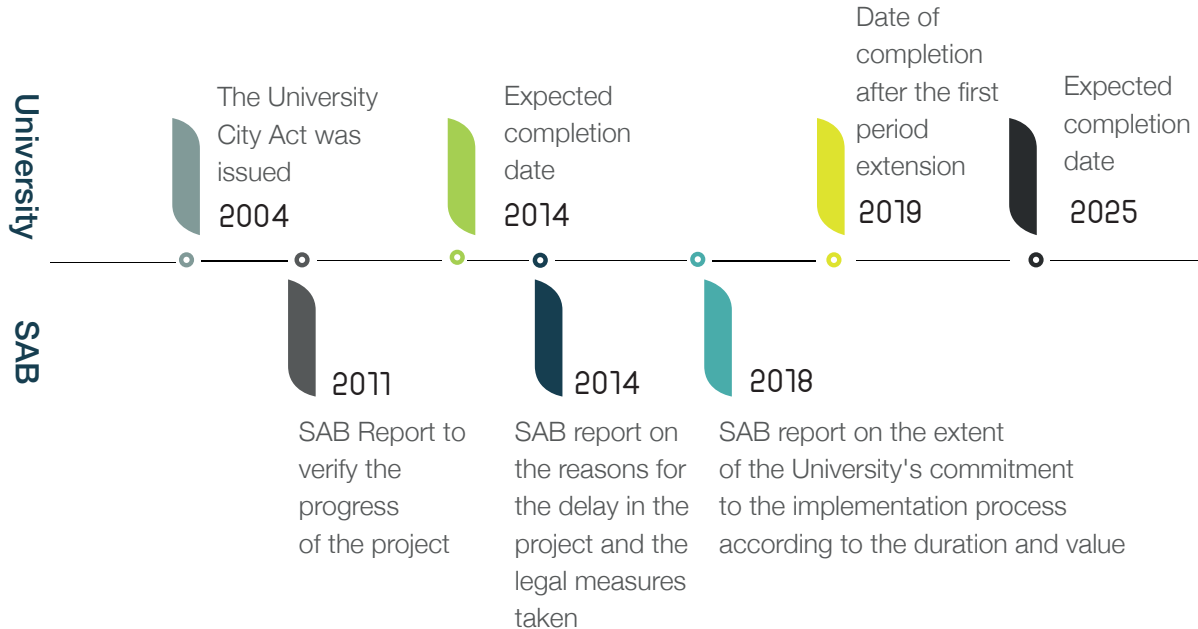


## Employees

- work perfection
- Freedom from conflicts of interest
- Commitment to professional ethics
- Do not disclose confidential information
- Abuse of function to gain special benefits

## The Arena Issues

### Delay in completion of Sabah Al-Salem City (Alshedadeyah)



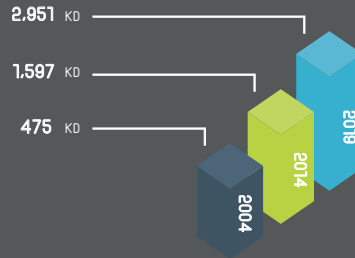
## Continuation... of the delay in completion of Sabah Al-Salem Kuwait University City (Al-Shadadiyah)

### Main Reasons for the delay in the project

- Inadequacy in determining the basic requirements of the colleges led to the weakness of the preliminary estimates of the project, which resulted in a high number of modifications and changes.
- Delays in the implementation of the procedures for all phases of the project, which caused delays in the implementation.
- Site mismanagement and delay in submission to contractors
- Failure to oblige contractors to apply the security and safety procedures, which led to repeated incidents of fire at the university site.
- Poor coordination between government entities and the delay in issuing the required approvals and consents.

### Impacts

- Increase in the budget for the establishment of the University City from the year of the budget adoption to date.



- Failure to receive, operate and utilize the buildings on time.
- End of the free maintenance period without benefiting from and operating the received projects.
- Citizens have lost faith in the seriousness of the university city implementation.

### SAB Opinion

- Conduct the necessary investigation to hold those responsible for the delay in the completion of the project.
- Take the necessary actions to expedite the completion of the project.
- The senior management place a clear vision and set of objectives to deal with future contracts with the aim of avoiding the issues faced by the university in designing and implementation.
- Expedite the documentation cycle of the university and decision making.
- Follow-up procedures of taking approvals from the relevant government entities to avoid the delays in the projects

## The Arena Issues

### Allocation of Lands by The Public Authority of Agriculture Affairs and Fish Resources

Allocation of plots and lands for citizens to use and utilize for the aimed purposes (agriculture, cattle sheds, apiaries, poultry farming, etc.)

#### The Main Remarks

**SAB report monitored several remarks and irregularities that extended for several years that affected the distribution of tenure**

Allocating agricultural and livestock lands to citizens and local companies without submitting applications.

- Allocating agricultural lands for individuals less than 21 years old in violation of the rules of allocations process.
  - Allocating more than one agricultural land to some individuals in violation of the rules of allocations process.
  - Some owners applying the procedures of allocation or expansion to the owner.
  - Allocating of agricultural land to individuals in Abdali area and the issuance of letters to the Municipality of Kuwait regarding the allocation in Wafra area or vice versa, as well as the relocation of agricultural lands from the Abdali area to the Wafra area in violation of the rules of allocation process.
  - Failure of the Authority to perform continuous and periodical inspection and to be committed to withdraw tenure that violate the rules of allocation process.
- Failure to utilize the tenure for the aimed purposes for which it was allocated

#### Impacts

- Impact on agricultural and livestock production and the state food security.
- The citizen has lost faith in the seriousness of the Authority work.

#### SAB opinion

- The need to apply justice among citizens in the allocation of tenure in accordance to the appropriate procedures.
- The Authority commitment to perform continuous periodical inspection on the tenure
- Withdraw tenure that violate the allocation conditions.

## The Arena Issues

### The Mismanagement of Overseas Health care

For the sake of achieving good health care for citizens, the amount of expenditure on health services continued to increase, which was reflected in the budgets of successive years, including sending citizens with complicated conditions which require to be treated abroad.

#### The Main Remarks

The increase in the actual expenses of Health care treatment abroad caused a significant financial burden in the general budget of the State. The following are the highlighted findings :

-The ministry's violation of the values of justice and equality and unequal opportunities among citizens, as well as the loss of opportunities of the treatment abroad to patients who are entitled to it . In addition to the ministry's misappropriations of medical cases and send them abroad despite the possible treatment in the hospitals and medical centers in Kuwait.

- Wasting public funds, which led to an inflation in the budget of treatment abroad which continued to increase over the years.

#### SAB Opinion

To reduce the number of patients that are sent for abroad treatment and inflation in the treatment abroad budget SAB believes:

- Develop a mechanism for standardizing the regulation of treatment abroad to address gaps and violations that are exploited to expand the scope of cases that are sent for abroad treatment.
- Speed up the implementation of contracts to expand some hospitals of the Ministry of Health to increase their capacity. Expand the recruitment programs for distinguished consultants.
- Take advantage of global expertise in effective management of health facilities.

## The Arena Issues

### Deficit in the State Budget resulting in the use of Public Debt for Payments

State budget funding depends almost entirely on oil revenues at about %97 of the total state revenues.

The revenues during the current fiscal year received about K.D. 15,999.7 million compared to an actual expense amounted about K.D. 19,247.5 million, whereas about K.D. 1,600.0 million of the realized revenues has been allocated to the reserve for the future generations.

As a result of the above mentioned, there is a deficit in the general budget of the State.

In light of the continued low oil prices and continued state budget deficit, the government tends to increase borrowing practices.

#### Impacts

- The accumulation of debt as a result of the expansion of borrowing on both the global and local levels.
- Depletion of the State general reserve as a result of the interest to be paid.
- Depletion of liquidity without a state development return policy.
- The risk of reducing the high-quality credit rating of the state compared to the classification of some countries in the Middle East
- The negative impact on the state economy
- Erode the general reserve and derail the implementation process

Statement	Budget Implementation Results
Revenues	15,999.7
Expenditures	19,247.5
Deficit	-3,247.8
Future generation reserves	-1,600.0
The total deficit	-4,847.8

#### SAB Opinion

- Not to increase the use of the borrowing method to finance the budget deficit.
- The Ministry of Finance develop a long-term strategy to deal with the risks of rising public debt balance and use the best way to ensure the preservation of public funds.
- The need to maintain the high credit rating of the State of Kuwait.

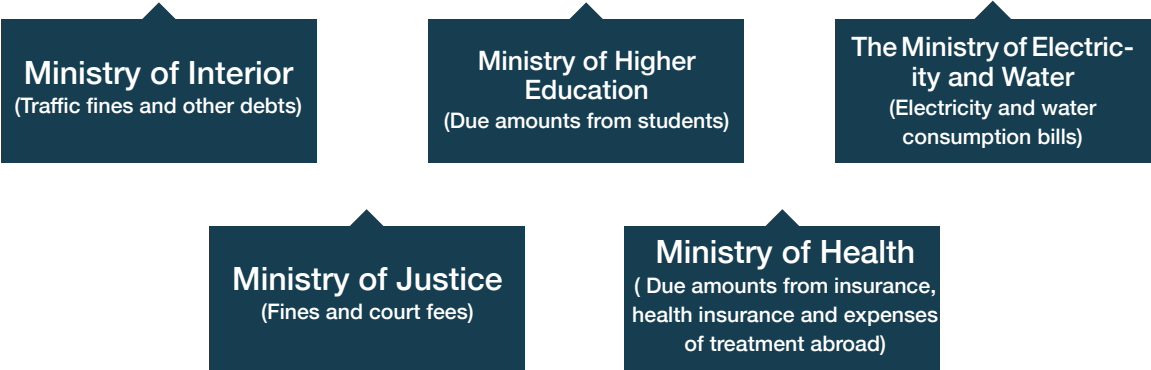


- In addition to the previously stated, SAB believes that necessary measures should be taken to collect debts due to the government from other parties, which increase the financial burden on the state.

### What is Debt Due to The Government?

Funds due to the Government against services rendered by the government entities to individuals and institutions. It could be due amounts resulted from error committed by staff or an increase in disbursement

The amount was about K.D. 1,336.6 million concentrated in the following entities:



## The Arena Issues

### Overfishing and Fish Resources

#### Reasons

- The use of trawlers despite their negative impact and in violation of the Code of Conduct for Responsible Fisheries.
- Not granting judicial control to inspectors of the Public Authority of Agriculture Affairs and Fish Resources.
- Use of longline fishing in violation to the decisions prohibiting such practices
- Lack of issued regulation of fishing enthusiasts (fishermen).
- cancellation of licenses of violating vessels.
- The high incidence of fishing violations in the bay despite the existence of laws.
- Lack of agreements with neighboring countries.

#### Impacts

One of the main risks of overfishing is the deterioration of fish stocks in the State of Kuwait

#### SAB Opinion

- The necessity of controlling the types of equipment used for fishing.
- Remove all the fish pens from the State of Kuwait.
- Develop deterrent laws for fishing violations at the time of ban.
- Tightened control on street vendors.
- The necessity to cooperate with neighboring countries to protect fish stocks.
- The need to invest in fish farming activity.

# Fish Wealth is Being Affected By

## Environmental Effects

Chlorophyll rate and climate change  
High salinity ratio



## Human Effects

Pollution  
Filling works  
Overfishing



### THE RESULT

less fish stocks and therefore prices rise



## Responsibility of The Executive Authorities

In Coordination With  
Government Entities  
Research Entities  
Deterrent Laws  
Plans and Programs

Control Entities

Control Entities

## The Arena Issues

### Pollution of Coastal Strip

#### Reasons

- Discharges excess sewage in case of emergency through rain rails that reach the coast of the bay.
- Liquid and gaseous pollutants from the cloaca rainwater of Sulaibekhat.
- Severely saline water from the sewage treatment plant in Sulaibiya.
- Lack of workers in the Environmental Monitoring Department at the Ministry of Public Works.
- The absence of an environmental study by the Kuwait Environment Public Authority on pollutants of industrial facilities on the coast of (Ashirij).
- Canceling coastal strip projects from the state plan.

#### Risks

- The dangerous effects on humans and marine life due to the lack of oxygen content in water contaminated with minerals that are dumped in rainwater sewers on Kuwait shores.
- The spread of stifling and unpleasant smells on the coast.

#### SAB Opinion

- Compel the factories to prepare a detailed report on the quantity and quality of pollutants resulting from them.
- Consider a solution for the highly saline water produced by the pumping unit in Sulaibiya.
- Separate sewage and rainwater of the industrial areas by removing illegal links.
- The need to inspect the sanitary and industrial connections of the industrial and service establishments to confirm their compliance
- Develop a plan for inspection procedures and renewal of licenses for industrial and service establishments.

## Q & A

### 1- What is conflict of interest?

The existence of a special interest that affects the integrity, neutrality and independence of the employee in the performance of his/her functions.

### 2- Who monitors the State Audit Bureau?

The State Audit Bureau is being audited

**Financially By:** A team from the Ministry of Finance that conducts audit after disbursements.

**Internal Controls are Carried out By:** Quality Assurance Department and Internal Audit Department.

### 3- Does the State Audit Bureau provide any outputs other than its annual reports?

Yes:

**Assignments:** upon the request of the legislative or executive authorities.

**Studies:** upon the request of SAB senior management.

SAB has completed (4) assignments and (14 )studies during the fiscal year 2016-2017

## Q & A

### 4- Does the State Audit Bureau audit all entities in the State? Including the Amiri Diwan and the London Investment Office?

The State Audit Bureau audits (88) government entities (ministries and government departments, entities with independent budgets, entities with supplementary budgets, and companies)

And yes, SAB audits the Amiri Diwan and the London Investment Office.

The following are excluded from SAB pre-audit:

- Central Bank of Kuwait
- Capital Market Authority and Regulating of Securities Activity
- Public Authority for Housing Welfare (temporary exemption)
- Contracts of the sale and purchase of oil and its derivatives
- Investment operations

### 5- What is the difference between the pre-audit and post audit?

#### Post audit:

It is the audit performed after the engagement and expenditure where SAB examines and reviews the documents and ledgers (revenues and expenses) to ensure that all financial and accounting actions were made in accordance with the provisions of the financial regulations and general rules of the budget.

#### Pre-audit :

- Audit the validity of the contractual procedures of the government entities subject to SAB control for contracts with amount no less than K.D. 100 thousand.
- Verify financial allocations included in the budget allow the contracting process
- Develop recommendations and guidelines to improve the management of public funds and attain the optimal and effective impact.

## Q & A

### **6- What are the number of subjects which did not receive approval by the State Audit Bureau during the fiscal year 2017-2018?**

A total of 105 out of 2134 issues were not approved by SAB, that is %4.9 of the total number of the submitted issues.

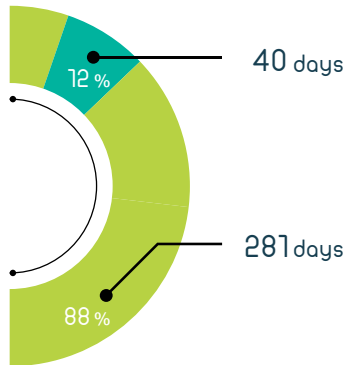
### **7- What is the difference between the State Audit Bureau, the Anti-corruption Authority and the Financial Supervisory Authority?**

- **The State Audit Bureau** is an independent body annexed to the National Assembly, aims to achieve effective control over public funds by monitoring the collection of revenues and spending expenses within the limits of the appropriations and ensuring the adequacy of the regulations and methods used to safeguard public funds.
- **Financial Supervisory Authority:** An independent body that is attached to the Minister of Finance and aims to achieve pre-audit of the financial performance of the State and ensure compliance with the laws, regulations, by-laws, circulars and decisions that regulate them.
- **The Anti-corruption Authority** is a public body supervised by the Minister of Justice. It has the competence to receive and study complaints and reports concerning corruption crimes in preparation for referral to the concerned investigation authority, and the formation of committees.

## Q & A

### 8- Is the State Audit Bureau considered the cause of delay in construction projects?

No. The following statement shows the average documentation cycle for construction projects which were included in the plan on the fiscal year 2016-2017, whereas the average duration of the study carried out by the State Audit Bureau for construction projects represents 12% of the total period from the date of the proposal until SAB approval.



### 9- What is sustainable development? What is the role of SAB?

To achieve development in the state considering the environmental, social and economic aspects. SAB audit's the government's preparedness for the implementation of Sustainable Development Goals.





## Q & A

### **10- What is the difference between revenues and expenditures?**

**Revenues:** income realized by the entity or the State from its activities. Namely the sale of goods or services to customers and consumers.  
**expenditures:** The amount of money spent in order to perform various activities

### **11- What is the difference between current and capital expenditure?**

**Current expenditure:** is the continuing consumption expenditure of public utilities and not for profit.  
**Capital expenditure:** It is the expenditure to buy non-current assets such as buildings, lands and equipment for the purpose of investment for profit.

— For more information on the following topics:



Government Bonds First Report



Government Bonds Second Report



Study of the University of Sabah Al – Salem (Alshedadeyah)



Overfishing



Follow up the Recommendations of the Construction Projects



Governance

## CONTACT US



YOU ARE WELCOME TO SHARE YOUR COMMENTS AND  
SUGGESTIONS WITH US ..... YOUR OPINION MATTERS

