

VOLUME 3

ICPAS QUARTERLY

ISSUE 1/2



ICPAR

Unlimited possibilities



ICPAS QUARTERLY

MAGAZINE

IN THIS ISSUE

- MESSAGE FROM BOARD 02
- DEVELOPMENTS AT ICPAS 03
- HONOR LIST 15
- GROWTH THROUGH CPD 17
- CONVERSATION WITH ALUMNI 20
- ANNUAL STAKEHOLDERS SURVEY 26
- MOU WITH ICPAR 27
- UPCOMING CPD SESSIONS 28
- ARTICLE: IAS 19 APPLICATION 29
- ARTICLE: PUBIC FINANCE 33
- ICPAS SUMMIT: SPONSORSHIP 37



COMPLETION CEREMONY

On 30 June 2025, ICPAS hosted a special Completion Ceremony celebrating 191 candidates who successfully completed the Certified Accounting Technician (CATT) and Certified Accounting and Finance (CAF) programs. Held in the presence of senior government officials and private sector leaders, the ceremony highlighted ICPAS's growing role in developing skilled, job-ready accounting professionals to meet market demand across Somaliland.

Read more on Page 03

MOU WITH ICPAR

In February 2025, ICPAS and the Institute of Certified Public Accountants of Rwanda (ICPAR) signed a historic Memorandum of Understanding (MoU) aimed at strengthening accountancy across Somaliland.

Read more on Page 27

ARTICLES

APPLICATION OF IAS 19: EMPLOYEE BENEFITS

This issue features a timely article on the application of IAS 19: Employee Benefits in Somaliland, with a focus on post-employment obligations, particularly end-of-service gratuity.

Read more on Page 29

PROFESSIONAL ACCOUNTANTS IN THE PUBLIC SECTOR

This article explores the vital role of professional accountants in Somaliland's public sector and their contribution to building trust, transparency, and accountability in government.

Read more on Page 33

MESSAGE FROM ICPAS LEADERSHIP



Hassan Ali, FCCA CFE

Member of ICPAS Board (Council)

As a profession built on trust, integrity, and public interest, accounting plays a vital role in shaping the future of our institutions, our economy, and our communities. This special double issue of ICPAS Quarterly- Volume 3, Issues 1/2 offers a timely reflection on the remarkable progress we are making at the Institute of Certified Public Accountants of Somaliland (ICPAS), and the deepening relevance of our shared mission.

It has been a transformative year for the Institute. From the historic completion ceremony that celebrated 191 new graduates of our CATT and CAF programs, to the signing of a milestone Memorandum of Understanding with the Institute of Certified Public Accountants of Rwanda (ICPAR), each step has been anchored in one principle: investing in people.

The voices of alumni and employers featured in this issue speak volumes. These are not abstract success stories—they are real indicators of what it means to build a credible, capable, and future-ready accounting profession in Somaliland.

As ICPAS expands its Continuing Professional Development (CPD) offerings and prepares to officially launch the joint CPA program in partnership with ICPAR in late August, we are reminded that this progress is not a coincidence. It is the result of the collective efforts of dedicated trainers, volunteer leaders, public sector champions, and a growing community of learners who believe in the profession's power to shape a better future.

This issue highlights how ICPAS bridges global standards and local realities, with a detailed application of IAS 19 to Somaliland's Labor Law. It also presents an article that underscores the strategic role of professional accountants in advancing public financial management and governance reform.

To all our members and stakeholders- thank you for standing with us. Your participation, feedback, and trust have helped ICPAS evolve into a truly member-driven and mission-oriented institution. Whether you are a student beginning your journey, a government official seeking reform, or a private sector employer investing in capacity, we hope this issue informs, inspires, and reinforces your connection to ICPAS.

Let us keep building- together.

Developments at ICPAS

Recognizing Achievement: 191 Candidates Honored at CATT and CAF Completion Ceremony



● *Hibak (left) graduated from Professional Certificate in Accountancy Foundations (CAF)*

On 30 June 2025, the Institute of Certified Public Accountants of Somaliland (ICPAS) held a momentous completion ceremony at Civil Service Commission Hall, celebrating 191 candidates who successfully completed the Certified Accounting and Tax Technician (CATT) and Certificate in Accounting Foundations (CAF).

This event marked the culmination of multiple learning sessions held between 2023 and early 2025, and it reflects the growing strength--

– of the Accounting Profession in Somaliland.

The cohort included 101 CATT and 90 CAF completers- each having demonstrated dedication, discipline, and a commitment to raising the bar for accounting and finance in Somaliland.

The ceremony brought together ICPAS leadership and Board, senior government officials, local business executives, universities, UNDP and other partners.

“

“This is not just a personal achievement for the participants—it’s a step forward for the profession and the country,” said the Accountant General of Somaliland, Hassan Musa Khalif addressing the audience.

The CATT and CAF programs are structured to equip learners with strong foundational and intermediate knowledge in accounting, finance, and reporting- skills that are increasingly in demand across both public and private sectors.

The successful completion of these programs signals the readiness of these individuals to contribute to better financial practices, transparency, and institutional performance in Somaliland.

ICPAS acknowledges the essential contributions of its trainers, -----



Mr. Hassan Musa Khalif, Accountant General,
Republic of Somaliland

-- examiners, and volunteers, and extends special thanks to Saeed Idan Noor, Mohamoud Dahir, Abdirizak Essa and Saeed Mohamed, who have helped sustain and strengthen these programs over the years.

“We are proud of what these candidates have achieved and are confident in the role they will play in building a more accountable and professional future,” said Dr. Saed Sulub, the CEO of ICPAS.

Speaking at the event, the State Minister of Finance and Economic Development H.E. Ismail Mawlid Abdillahi, said “these professionals represent the future of financial accountability in our institutions,”. “Their training and achievement today will shape the integrity of tomorrow’s public service and private sector.”

The State Minister also emphasized that the Ministry of Finance would largely benefit from CATT graduates to formalize business income taxes.



H.E. Ismail Mawlid Abdillahi, State Minister of
Finance & Economic Development



Congratulations to all our CATT and CAF program completers-- your journey continues, and your impact begins now.



Mr. Nuraddiin Abdi Elmi
CEO, premier bank

Also addressing the audience was the CEO of the Somaliland Bankers Association, Khalif Shekh Omar, who emphasized the association's strong and ongoing partnership with ICPAS. He noted that both institutions are now preparing to launch joint programs specifically tailored for the banking sector in the near future.

"We've been working with ICPAS since the beginning. Now, we're looking forward to rolling out new initiatives that will support the capacity and integrity of our banks," said Mr. Khalif.



Khalif Shekh Omar
CEO, Somaliland Banking Association

In a compelling address, Mr. Nuraddiin Abdi Elmi, CEO of Premier Bank, shared a personal account that underscored the practical value of ICPAS programs in addressing market needs.

He recalled an instance when Premier Bank was recruiting for an accountant. Despite two rounds of examinations and interviews, the bank was unable to identify a candidate who met their standards for an accountant position they advertised.

"We reached out to ICPAS, and they provided us with a list of their CATT graduates. Not only were these candidates well-prepared, but one of them ultimately secured the position," said Mr. Nuraddiin.

He also highlighted a critical, practical benefit of ICPAS's work: enabling banks to make informed lending decisions through access to certified financial statements prepared by qualified accountants.



Mr. Mohamed Abdi Gurhan
General Manager, IBS Bank

Mr. Mohamed Abdi Gurhan, General Manager of IBS Bank, also delivered remarks at the ceremony, offering both congratulations to the completers and a reflection on ICPAS's remarkable journey.

He recalled witnessing the early days of the Institute, when it was just beginning to take shape.

"I remember when ICPAS was in its initial stages. Seeing how far it has come today is truly inspiring," he said.

Mr. Gurhan also emphasized the legal foundation behind the Institute, reminding attendees that ICPAS was established by Parliamentary Act No. 75, a legislative mandate that underscores its national significance and authority in regulating the profession.

Also speaking at the event, Mr. Mohamed Isak, Deputy Operations Manager at Telesom Company, congratulated the graduates and highlighted the long-standing collaboration between Telesom and ICPAS. He noted that since 2022, Telesom has actively enrolled its employees in ICPAS certification programs, particularly the Certified Accounting and Tax Technician (CATT) qualification.

"We are proud that many of our accountants and finance team members now hold the CATT certification from ICPAS," he said.



Mohamed Isak
Deputy Operations Director, Telesom Company

"We value the role ICPAS plays in developing skilled accountants for both the private and public sectors. We will continue to support their mission," he added.



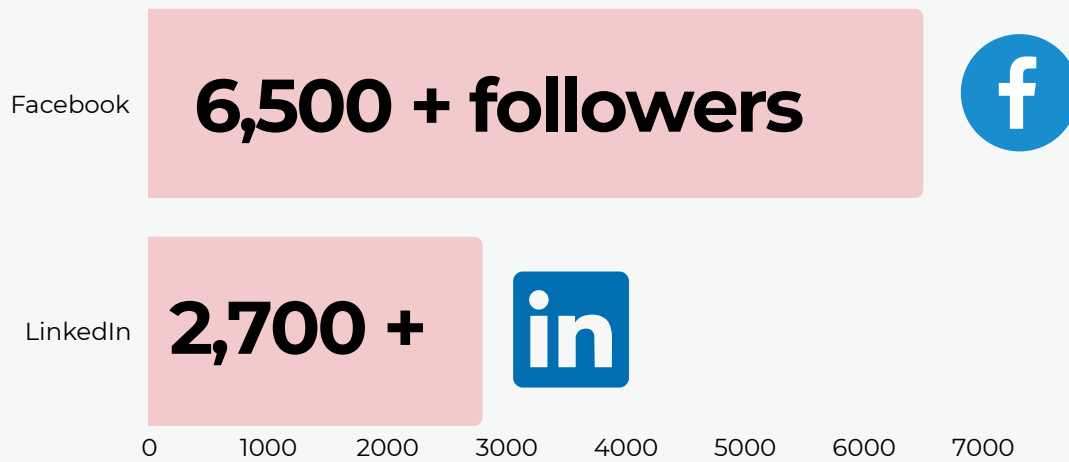
Congratulations to all our CATT and CAF program completers-- your journey continues, and your impact begins now.



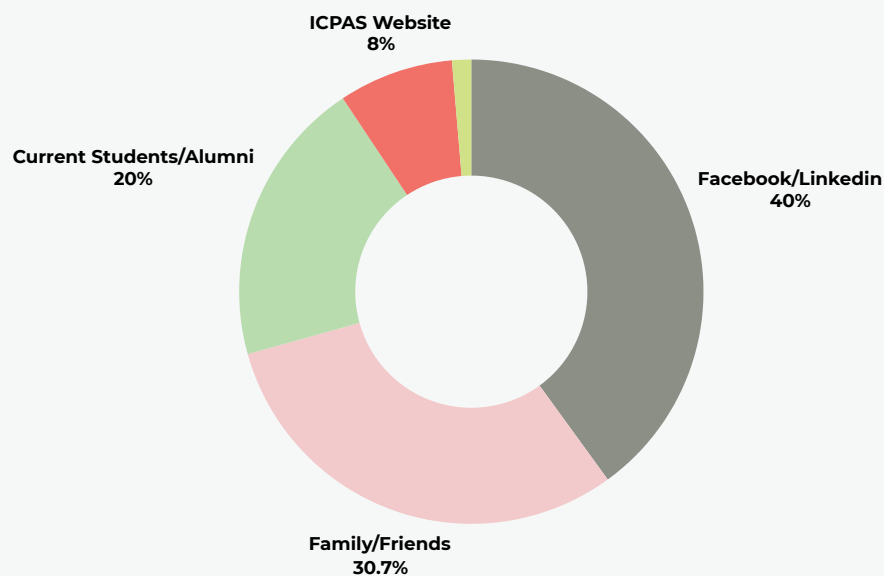
You can verify ICPAS certificates online

Developments at ICPAS

AUDIENCE GROWTH



Answer to “from where did you hear about ICPAS?”



Source: ICPAS New Student Survey (2024)

Developments at ICPAS

ICPAS MOVES TO NEW HEADQUARTERS



We are proud to announce that the Institute of Certified Public Accountants of Somaliland (ICPAS) has officially moved into its new headquarters - a space purposefully designed to support our continued growth, increase collaboration, and reflect our enduring commitment to excellence and innovation in the profession. This transition marks a significant chapter in the evolution of ICPAS, strengthening our ability to serve our members and advance the accounting profession in Somaliland.

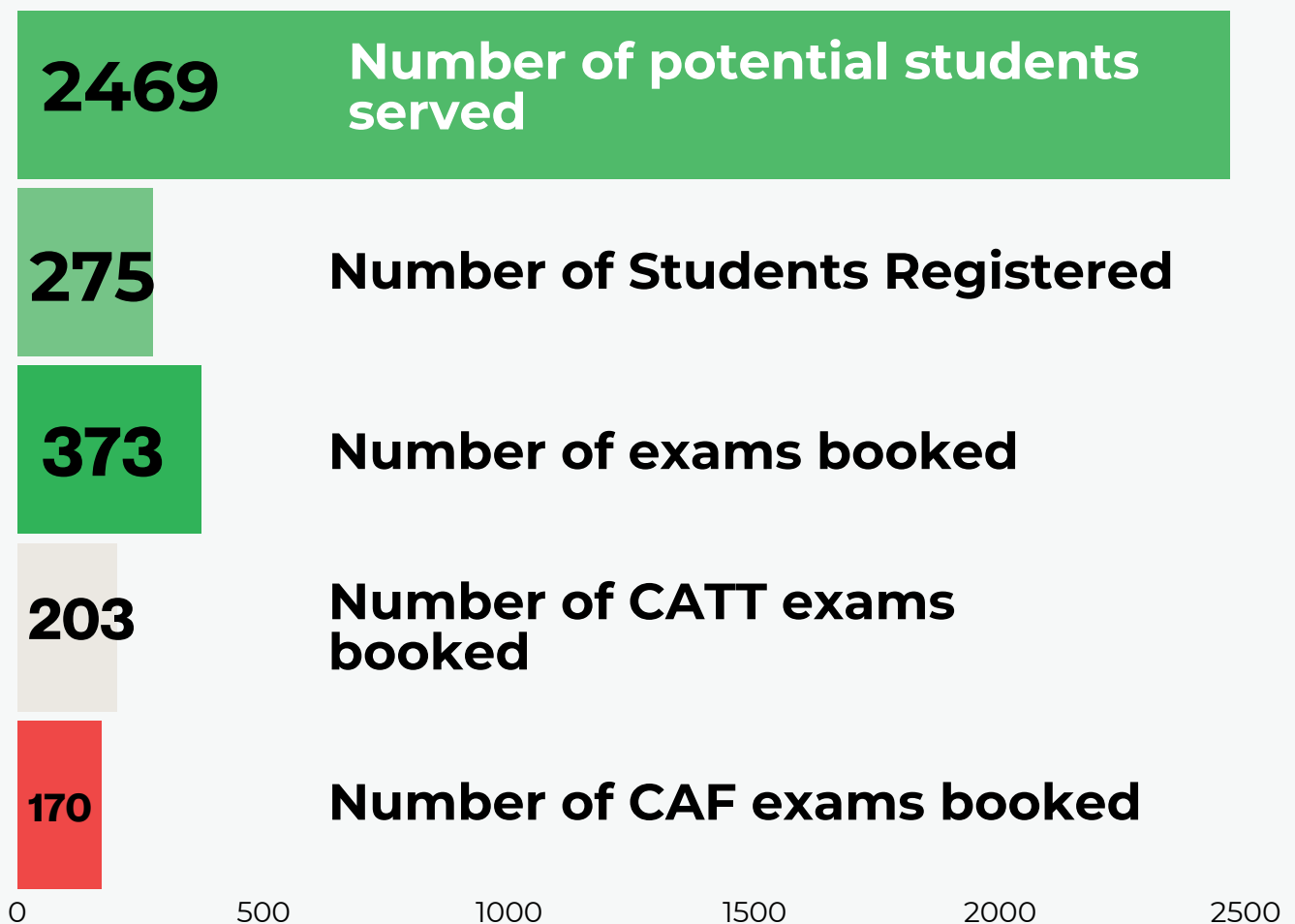
We extend our sincere gratitude to the African Development Bank (AfDB) and the Ministry of Finance Development of the Republic of Somaliland for their unwavering support. In particular, we thank H.E. Minister Abdillahi Hassan Adem and former Minister Dr. Sa'ad Ali Shire for their instrumental role in securing the funding for essential equipment to furnish and operationalize our new home.

Together, we are building the future of the profession.

Developments at ICPAS

During 2024, we engaged with a significant number of potential students, providing information and guidance to a total of **2,469** individuals.

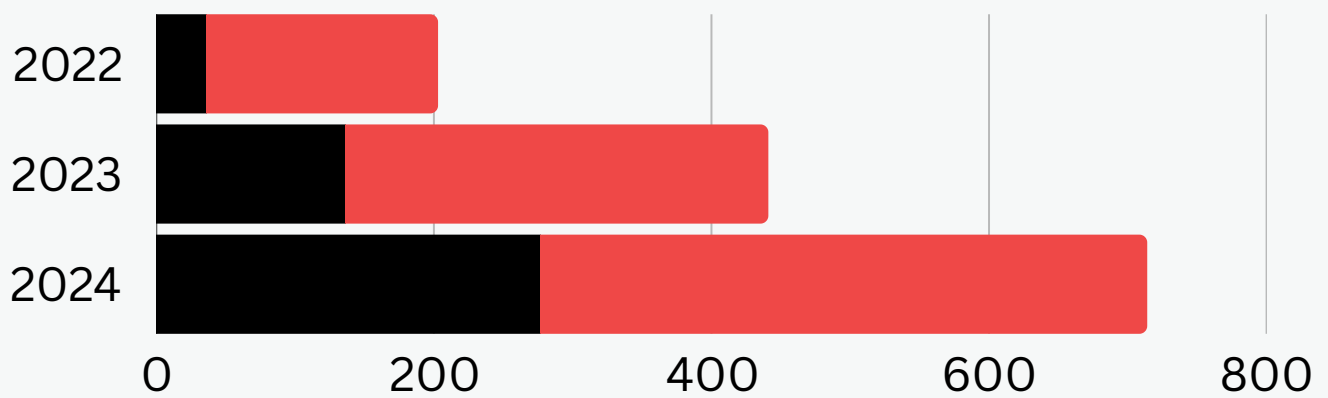
Developments at ICPAS



CANDIDATE POOL: SNAPSHOT

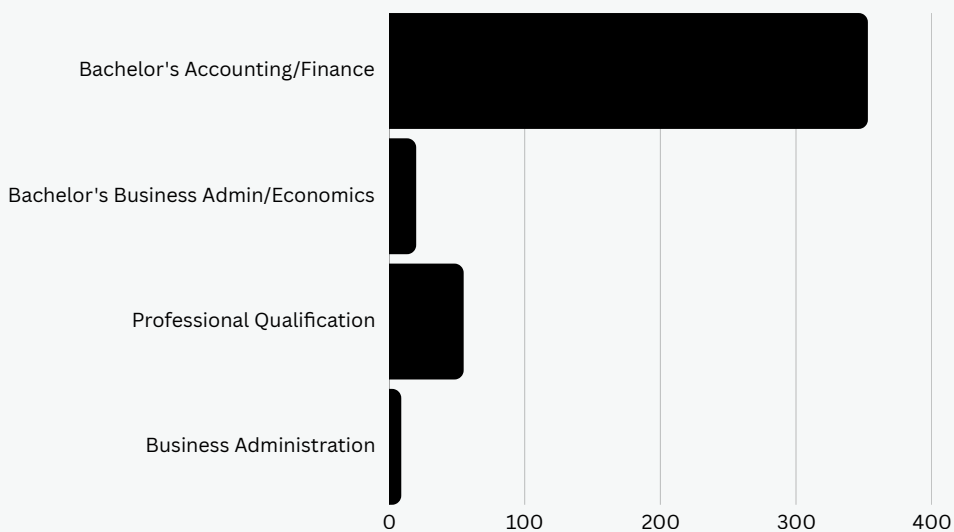
● Number of CAF Candidates

● Number of CATT Candidates

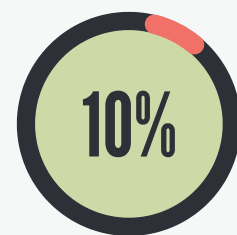


Total number of registered candidates

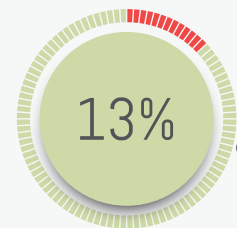
● Entry Qualification (% of registered candidates)



CATT Program: Entry Qualifications for Students Registered



Master's Degree

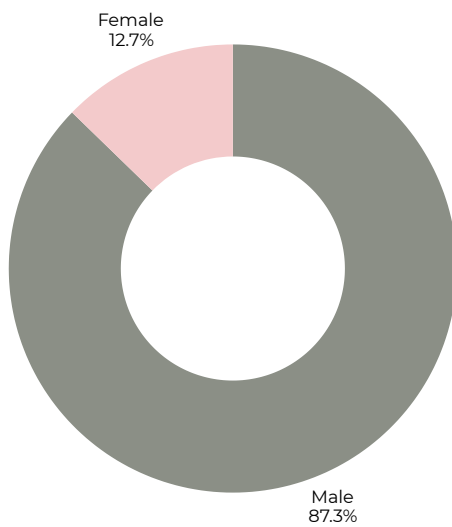


Professional Qualification

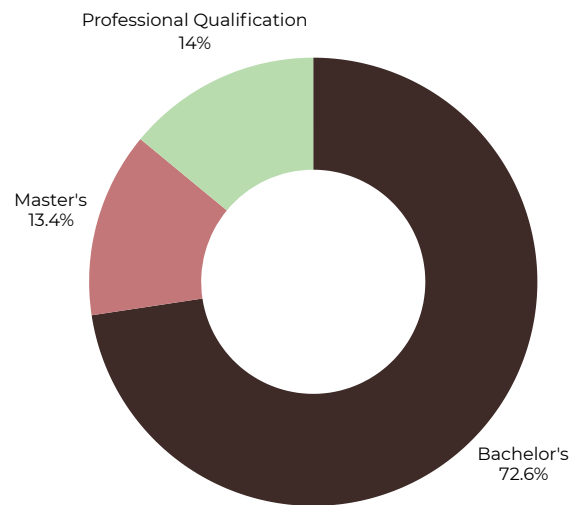
CATT Program: Highest Qualification

CATT GRADUATES POOL: PROFILE

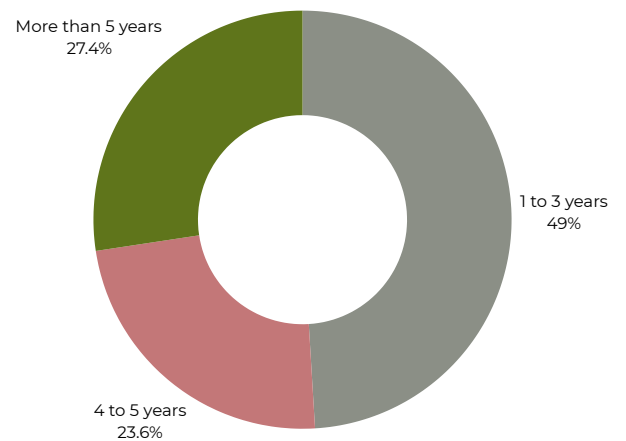
Gender



Highest Qualification



Experience Years





HONOR LIST- CATT



CATT FINANCIAL REPORTING

CANDIDATE	EXAM SESSION
Warda Noh Saed	April, 2024
Fadumo Abdilahi Aden	August, 2024
Abdiqadir Ali Suudi	November, 2024
Shafici Ali Awale	November, 2024
Mustafe Abdikadir Ahmed	April, 2025

CATT TAXATION

CANDIDATE	EXAM SESSION
Nimao Jama Abdi	June, 2024
Ali Abdullahi Derie	September, 2024
Ahmed Abdilahi Raage	April, 2025
Shafici Ali Awale	April, 2025

CATT LAW

CANDIDATE	EXAM SESSION
Warda Noh Saed	June, 2024
Nimao Jama Abdi	September, 2024
Ali Abdullahi Derie	April, 2025



HONOR LIST- CAF



CAF FINANCIAL ACCOUNTING

CANDIDATE	EXAM SESSION
Fardus Awil Jama	August, 2024
Hibak Hussein Ibrahim	November, 2024
Muse Abdirahman Saed	April, 2025

CAF Management ACCOUNTING

CANDIDATE	EXAM SESSION
Yusuf Abdi Mohamed	August, 2024
Abdirisak Mawlid Abdillahi	August, 2024
Abdiqadir Ali Suudi	August, 2024
Abdillahi Nour Hussein	August, 2024
Ahmed Abdillahi Raage	November, 2024
Adam Ibrahim Aided	April, 2025

EMPOWERING GROWTH THROUGH CPD: OUR JOURNEY SO FAR

We kicked off our Continuing Professional Development (CPD) webinars and courses in 2023—and in 2024, we built on that momentum with programs covering timely issues and essential skills that our members need daily.

Last year, we delivered four CPD courses taught by dedicated volunteer instructors. Nearly 900 participants joined and benefited directly from these sessions, gaining practical knowledge and tools relevant to their work. To tailor our CPD courses, we listened attentively to what our members asked for and then designed our courses offerings accordingly. That focus helped us deliver training that really mattered and position ICPAS at the heart of professional development in Somaliland.

1

Accounting for Investment Properties

2

New Internal Auditing Standards

3

International Financial Reporting Standard (IFRS) 18

4

Introduction to International Public Sector Accounting Standards (IPSAS)

Statement of profit or loss			Categories ^s	
	20X2	20X1		
Revenue	367,000	353,100	Operating	
Cost of sales	(241,600)	(224,100)		
Gross profit	125,400	129,000		
Other operating income	12,200	4,100		
Selling expenses	(28,900)	(27,400)		
Research and development expenses	(25,100)	(25,900)		
General and administrative expenses	(20,900)	(22,400)		
Goodwill impairment loss	(4,500)	—		
Other operating expenses	(1,200)	(5,600)		
Operating profit	57,000	51,800	Investing	
Share of profit and gains on disposal of associates and joint ventures	5,300	7,300		
Profit before financing and income taxes	62,300	59,100	Financing	
Interest expenses on borrowings and lease liabilities	(13,000)	(13,200)		
Interest expenses on pension liabilities and provisions	(6,500)	(6,000)		
Profit before income taxes	42,800	39,900	Income taxes	
Income tax expense	(10,700)	(9,975)		
Profit from continuing operations	32,100	29,925		

EMPOWERING GROWTH THROUGH CPD: OUR JOURNEY SO FAR

FACTS AND FIGURES

4

Number of CPD courses

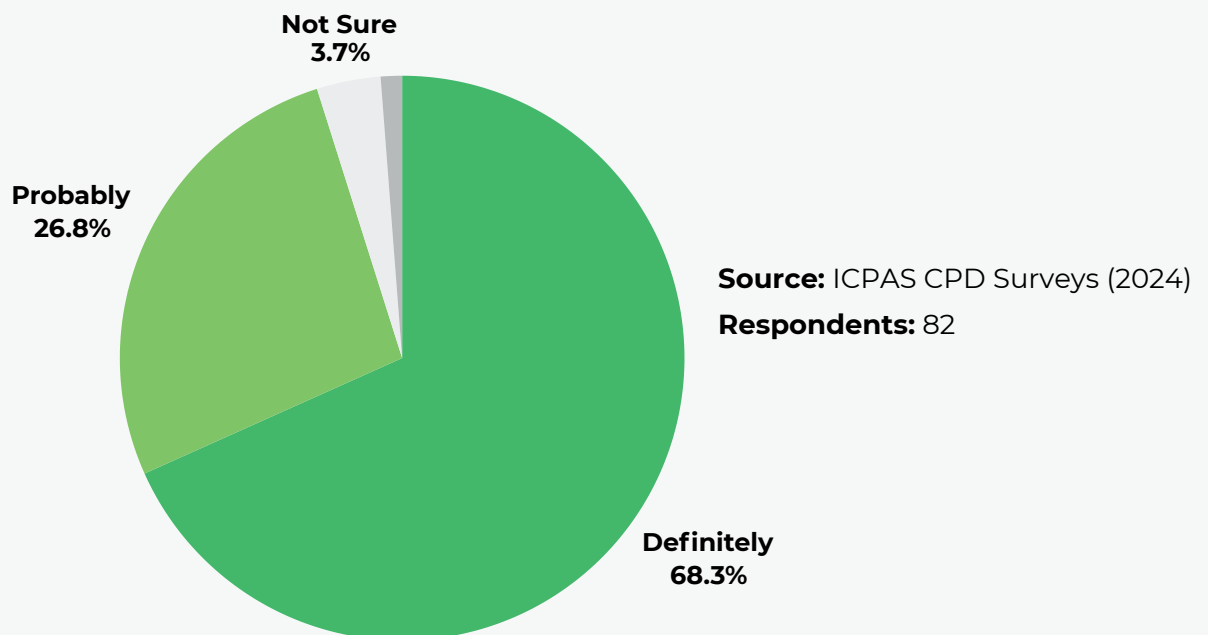
24

CPD Hours (Total)

927

Number of Participants

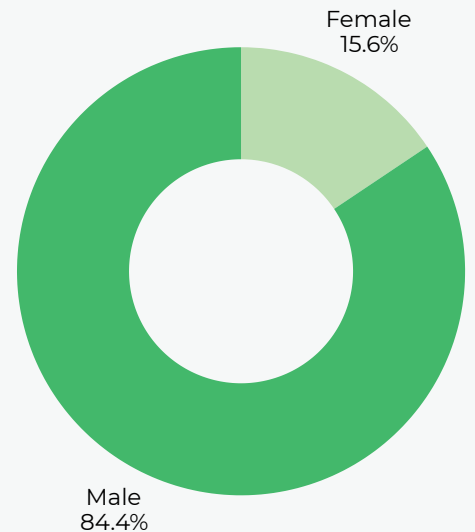
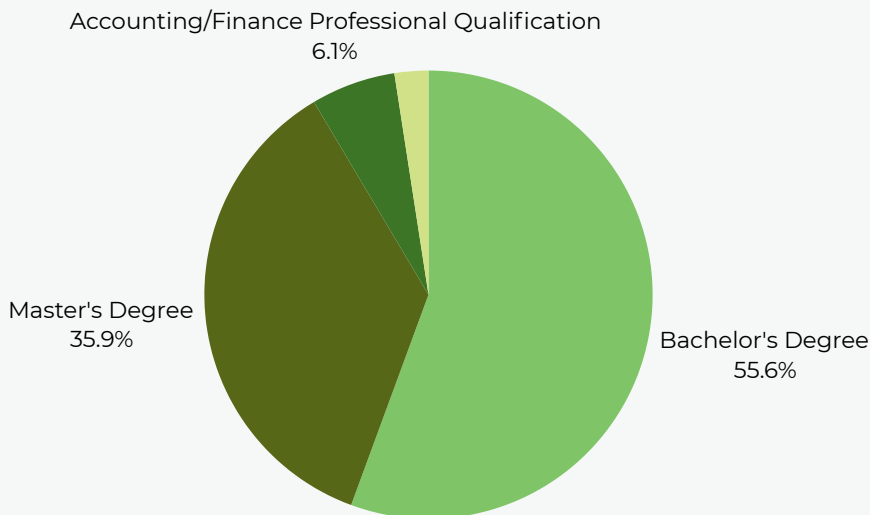
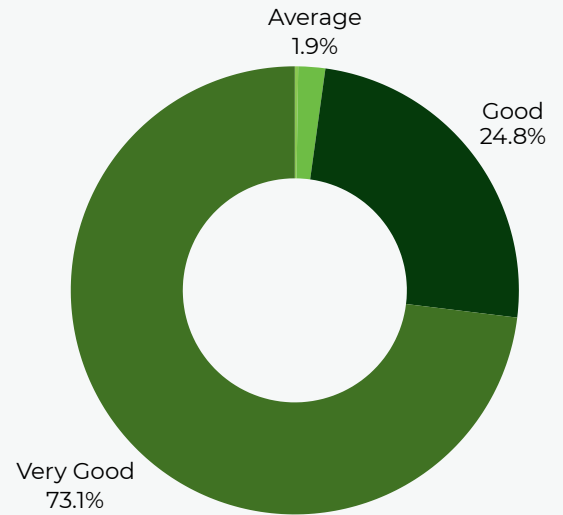
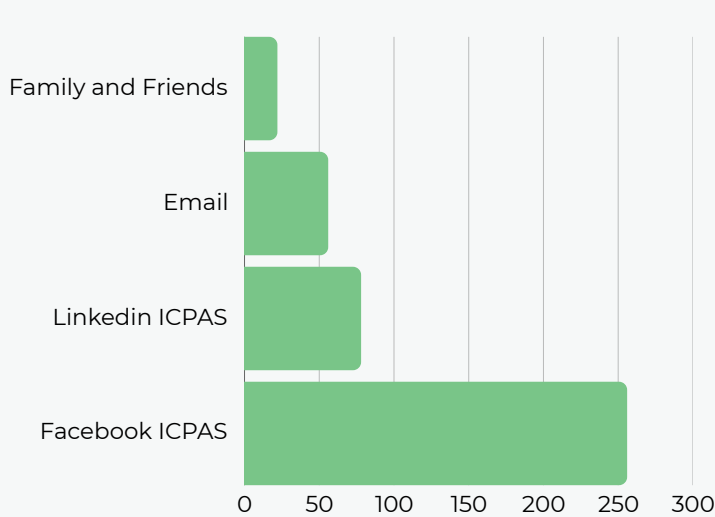
In a post-course survey conducted by ICPAS, we found that majority of Continuing Professional Development (CPD) course participants are satisfied and would recommend the course to their colleagues. This represents about 92% of respondents (68% who would definitely recommend and 26% who would probably recommend). The survey, which garnered responses from 82 participants through an online questionnaire administered after course delivery, underscores the high level of satisfaction and endorsement among individuals who have attended our CPD programs.



This survey, conducted after attending the CPD sessions, measures participants' recommendation rates and satisfaction.

EMPOWERING GROWTH THROUGH CPD: OUR JOURNEY SO FAR

DEVELOPMENTS AT ICPAS



Survey data from CPD sessions highlights trends in participant demographics, outreach sources, and satisfaction ratings.

In Conversation with ICPAS Members and Alumni (1)



Abdulkarim Farah Ahmed, CATT

Q1: Can you walk us through your educational journey and how it has shaped your professional growth and aspirations over the years?

A: First of all praise is due to Allah. Secondly I began my educational journey in 1974 by studying the Qur'an under Aw Jaamac at a traditional malcaamad in Sariibada October, Ahmed Dhagax district, Hargeisa. In 1976, I started primary school at Qudhac Dheer School in Hargeisa, then moved to Kismayo for intermediate studies at Farjano School, where I ranked among the top students. This led to my admission to the Agricultural Secondary School in Afgooye, though the school temporarily closed in 1984/85 due to food shortages. I graduated in the 1985/86 academic year.

“

In 2023, I completed the Certified Accounting and Tax Technician (CATT) qualification from ICPAS.

”

Later, I joined SIDAM under Somali National University and graduated in 1990. SIDAM was the country's first institution offering master's degrees in affiliation with U.S. universities like Fresno California State. In 2021, I earned my MBA from Malaysia Open University. In 2023, I completed the Certified Accounting and Tax Technician (CATT) qualification from ICPAS, and I'm currently completing the Certified Internal Auditor (CIA) program.

Q2: Over the past 30 years, you've worked in a wide range of places, can you tell us more about that journey and some of the experiences that have defined your career?

A: In 1984, while still in school, I began working at Mareeray Sugar Project as a Supervisor in sugarcane farming, gaining deep agricultural training. In 1991, I worked at the Daroor refugee camp interpreting for patients and handling medical reports. From 1991 to 1994, I opened the first accounting classes in Hargeisa at Sheikh Bashir School and co-founded AIDAM, teaching Financial Accounting and Mathematics. .



Abdulkarim Farah Ahmed, CATT

CONT'D

...From 2004–2017, I was Finance and Admin Manager at Progressio, then joined OXFAM as a Finance Officer in 2017–2018. From 2018–2019, I was Director of Admin and Finance at the Ministry of Health. Since 2020, I've held key roles at the Ministry of Education, including Internal Auditor, Head of Finance, and Project Finance Lead for donor programs.

Q3:. You completed the CATT, how was it different from your previous experience and education?

A: The CATT program was distinct from my past experiences because it equipped me with modern, practical knowledge that complemented and expanded my previous education. It boosted my motivation and inspired me to continue learning.

“

The CATT program was distinct from my past experiences because it equipped me with modern, practical knowledge.

”

In 1994, I joined the TB Hospital administration. From 1996–1997, I was Deputy Manager and Accountant at Dahabshiil branches. From 1997–1998, I held the same position at Maansoor Hotel, implementing their accounting system. From 1998–1999, I led income generation projects at the Danish Refugee Council and continued there as Finance and Admin Manager until 2002. I served as Head of Operations and Finance at UNDP in 2002–2003..





Abdulkarim Farah Ahmed, CATT

Q4: What advice would you give to accountants and young people interested in the field of accounting?

To aspiring and current accounting students: ICPAS is where you gain real, applicable knowledge that fosters both personal and professional growth. It's led by committed professionals who prioritize ethical, high-standard education. If you want to be part of a system that aligns with global standards and truly uplifts communities, ICPAS is the right place to start.

“

To aspiring and current accounting students: ICPAS is where you gain real, applicable knowledge that fosters both personal and professional growth.

”

CONT'D

.. Through CATT, I engaged with professionals who have global insights and a vision to bring impactful change to our communities. I'm grateful to ICPAS for their dedication and for empowering us through this transformative experience.



In Conversation with ICPAS Members and Alumni (2)



Abdirahman Mohamed Ahmed, CATT

Q1: Can you tell us about your educational background and how it has prepared you for your professional journey?

I completed my primary and intermediate education in Hargeisa before attending SOS Sheikh Secondary School as a boarding student, where I earned the IGCSE Pearson Edexcel O-Level in 2018 and the Somaliland GCSE A-Level in 2019. I pursued a Bachelor of Business Administration (Accounting) at the University of Hargeisa from 2019 to 2023, graduating with a GPA above 3.79. In December 2023, I began my Master's in Management at the same university, expecting to graduate in August 2025. Alongside formal studies, I am progressing through the ACCA qualification having completed Applied Knowledge and Applied Skills levels, currently at the Strategic Professional phase, and have also-----

--- completed the CATT program at ICPAS. In addition, I am thankful to ICPAS for arranging continuous professional development sessions and webinars that help me keep updated of the latest developments of the accounting profession.

Q2: In what ways has the CATT program contributed to your preparation and success in the ACCA qualification?

The CATT program laid a crucial foundation for transitioning into international professional accounting by offering a structured, practical approach that emphasized technical skills, analytical reasoning, and ethics—key to the profession. It familiarized me with the rigor and exam expectations of global qualifications, building the discipline needed for sustained study and easing progression into ACCA. CATT strengthened my ability to analyze and solve complex accounting problems with clarity, providing both academic and practical preparation essential for advancing my accounting career.

Q3: How was your experience in the CATT program different from your previous academic and practical learning?

While my undergraduate degree provided a theoretical foundation in accounting and business management, it lacked practical exposure.



Abdirahman Mohamed Ahmed, CATT

CONT'D

The CATT program filled this gap by focusing on real-world applications, practical skills, and professional ethics, effectively converting theoretical knowledge into tangible, professional capability. This enabled me to bridge the divide between academia and workplace expectations and prepared me for recognized professional qualifications.

Q4: Can you share your overall experience and key takeaways from studying the CATT program?

Studying CATT was enriching and transformative, challenging me to apply theory to real accounting situations, which deepened my understanding and sharpened analytical skills.

The program fostered critical thinking, clear communication, and well-reasoned problem-solving, all essential for handling professional complexities. Its rigorous structure improved my discipline, time management, and exam strategies, which have been invaluable as I advance in ACCA.

Q5: What challenges did you encounter while studying the CATT program, and how did you manage to overcome them?

I faced challenges mainly due to gaps in practical exposure, especially regarding financial reporting standards, which initially made comprehension difficult. To overcome this, I adopted a disciplined approach, breaking topics into manageable parts, dedicating significant self-study time, practicing extensively, and persisting steadily. This method helped me internalize concepts and progress confidently despite the initial difficulty.

Q6: What advice would you give to students who are studying or planning to study accounting

I advise students to connect theory with practice, develop sound judgment, keep advancing through professional qualifications, maintain disciplined study habits, and use mentorship and networking to grow continuously.

Historic Memorandum of Understanding (MoU) with ICPAR Rwanda



On February 28, 2025, the Institute of Certified Public Accountants of Somaliland (ICPAS) signed a landmark Memorandum of Understanding (MoU) with the Institute of Certified Public Accountants of Rwanda (ICPAR). This agreement marks a major milestone in the development of Somaliland's accounting profession and sets the foundation for international collaboration, capacity building, and institutional strengthening.

The MoU enables students in Somaliland to pursue the internationally recognized CPA Rwanda certification while also gaining the CPA Somaliland membership. The joint CPA Program will be officially launched with ICPAR presence in late August, 2025. As a member of the International Federation of Accountants (IFAC), ICPAR will also provide technical support in governance and professional regulation- guiding ICPAS toward global best practices and future IFAC membership.

The visit to Rwanda included productive discussions between ICPAS and ICPAR leadership, including CEO Amin Miramago, focused on implementing the MoU. A Joint Technical Committee (JTC) was formed, which held its first meeting on March 21, 2025. The committee is tasked with overseeing the execution of key steps such as finalizing student registration and exam logistics, aiming to allow Somaliland students to sit for their first CPA Rwanda exams in the nearest session.

ICPAS, currently serving over 600 students at the foundation and technician levels, has made significant steps towards its mandate but still faces challenges, including lack of funding for a full CPA program and pending approval of the Accountants Bill by Parliament. This partnership addresses those gaps by granting immediate access to a global CPA qualification and strengthening ICPAS's institutional capacity through shared training resources, CPD programs, and advisory support from ICPAR.

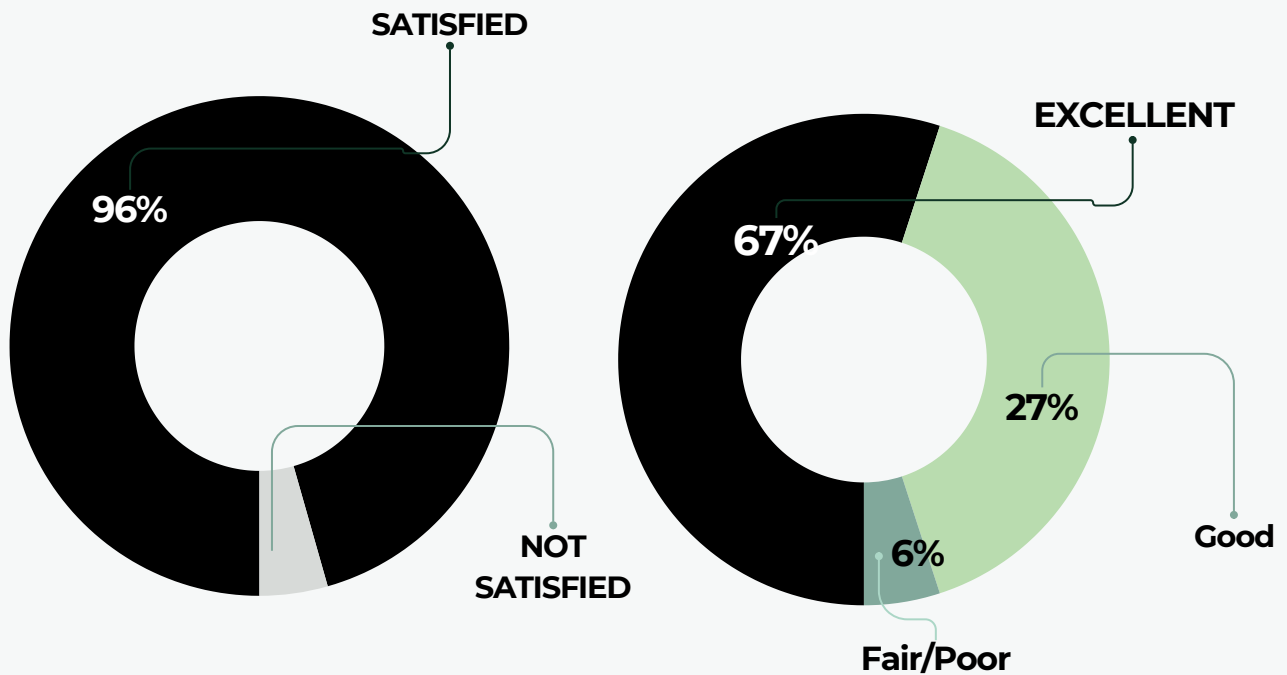


ANNUAL SURVEY: ICPAS STUDENTS AND STAKEHOLDERS

OVERALL SATISFACTION

Percentage of respondents who are either current or past students: 95.8%

Method: Data were collection via online surveys in March 2025.



Overall Satisfaction indicator:
percentage of respondents who would definitely or probably recommend ICPAS to their colleagues and family.

Communication Quality indicator:
respondents' rating of communication from ICPAS on a scale from 1 (poor) to 4 (excellent).

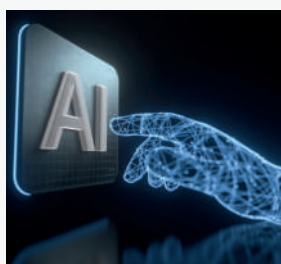
UPCOMING ICPAS CPD SESSIONS



Cybersecurity and Data Protection in Accounting

provides accounting professionals with a concise overview of key cybersecurity principles and data protection practices, focusing on safeguarding financial information and ensuring compliance with relevant regulations.

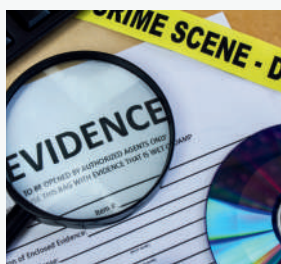
2 CPD HOURS



Artificial Intelligence and the Accounting Profession

explores how AI is transforming accounting, covering its applications, benefits, and ethical considerations, while helping professionals adapt to emerging technologies in the field.

2 CPD HOURS



Introduction to Forensic Accounting

offers a foundational overview of forensic accounting, focusing on fraud detection, financial investigation techniques, and the role of accountants

3 CPD HOURS



Accounting for Property, Plant and Equipment: IFRS vs US GAAP

compares the key principles and differences in accounting for property, plant, and equipment under IFRS and US GAAP, helping professionals understand cross-border financial reporting requirements

3 CPD HOURS



For further details and exact timings of these CPD courses, please follow ICPAS on our social media pages and visit our official website.

ARTICLES

End-of-Service Benefits in Somaliland's Private Sector: Applying IAS 19 to Local Law



Employee benefits are a growing area of focus as the private sector in Somaliland formalizes employment relationships.

One important but often underappreciated obligation is end-of-service benefits-payments owed to employees upon resignation, retirement, or termination. These are not merely discretionary or customary-they are mandated by law. Under Labour Law Governing Private Sector Employees (Law No. 31/2020), known as ***Xeerka Shaqaalaha Rayidka ah*** in Somali language, every private sector employer is legally obliged to pay an end-of-service gratuity equivalent to one month's salary for each year of completed service after one year of employment.

From an accounting perspective, this constitutes a defined benefit obligation, falling under the scope of IAS 19: Employee Benefits (explained briefly in this article).

IAS 19: Employee Benefits provides the framework for recognizing, measuring, and disclosing employee benefit obligations

In this article, we will summarize the categories under IAS 19 and illustrate each with practical examples, especially suited to our local context.

Categories of Employee Benefits

1. **Short-term Benefits** such as salaries, wages and bonuses payable within 12 months.
2. **Post-employment Benefits** such as Pensions and gratuities.
3. **Other long-term benefits** such as long-service leave, sabbatical leave and bonuses not due within 12 months.
4. **Termination benefits** such as payments made upon dismissal or voluntary redundancy.

This article focuses on post-employment benefits, particularly end-of-service gratuity. These are benefits payable after the completion of employment, and include

- defined contribution and
- defined benefit plans.

What is the difference between these two and does it apply to our context?

Cont'd: End-of-Service Benefits in Somaliland's Private Sector: Applying IAS 19 to Local Law

• Defined Contribution Plans

Employer pays a fixed amount (e.g., 5% of salary) into a separate fund. No further obligation once paid.

Example: Private Sector Pension Scheme: Layla's Cleaning Services contributes 5% of employee salaries into a private pension plan. For June salaries of \$10,000, they contribute \$500 to the pension provider.

Debit: Pension Expense 500
Credit: Bank/Payable 500

• Defined Benefit Plans

Employer commits to a fixed benefit (e.g., gratuity of one month's salary for every year worked).

Example: The gratuity outlined in Law No. 31/2020 (*Xeerka Shaqaalaha Rayidka Ah*).

What the Law Says?

Article 28 of the Private Sector Labour Law (Xeerka Shaqaalaha Rayidka ah, Law No. 31/2020) states:

"Shaqaalaha marka shaqada laga saaro ama uu iskii shaqada uga fadhiisto isagoo shaqaynay mudo hal sano ka badan waxaa la siinayaa xuquuq u dhiganta hal bil mushaharkeed sanadkiiba..."

A summary of Article 28 of Law No. 31/2020 (in English):

An employee who resigns or is dismissed after working more than one year is entitled to a severance pay equal to one month's salary for each year of service, plus any remaining entitlements such as accrued leave or overtime.

This makes the End-of-Service Gratuity in Somaliland a defined benefit plan for the following reasons:

- **Legally guaranteed** under Law No. 31/2020- based on service length and final salary
- Not linked to a contribution fund- no separate funding vehicle
- Paid directly by the employer at termination
- Calculated using a fixed benefit formula: 1 month salary × years of service (after 1 year of work).

Even though Somaliland law does not provide a formal pension system for private sector workers, the gratuity outlined in Law No. 31/2020 meets the definition of a defined benefit plan under IAS 19, because:

Cont'd: End-of-Service Benefits in Somaliland's Private Sector: Applying IAS 19 to Local Law

- The benefit amount is determined by a fixed formula (1 month per year of service).
- The employer bears the obligation and the risk (not the employee).
- It is legally enforceable, not voluntary or discretionary.

Therefore, employers must account for this obligation over the employee's service life, rather than waiting to expense it upon resignation or retirement (which is often done in Somaliland private businesses).

Applied Case

Let's say Layla's Cleaning Services employs a driver, Ahmed, who has worked for 5 years, from 1st January, 2020 to 31st December, 2024, at a monthly salary of USD 300.

Each year, a portion of Ahmed's end-of-service benefit must be accrued based on his expected entitlement, which equals to:

1 month's salary × completed years of service

USD300 (monthly salary) × 1 year = USD 300

Double Entry (to record at the end of 2020):

Dr Employee Benefit Expense USD300
Cr Provision for Gratuity Payable USD300

Effect on Financial Reporting

• Statement of Financial Position

Non-current liabilities

Provision for Gratuity Payable 300

It is non-current because it is payable at the end of year 5 (the employee or the employer has no intention to end the contract within the next 12 months).

• Statement of Profit or Loss

Employee benefit expense 300

At year 2, we will repeat the same process. and the financial statements would show the following:

• Statement of Financial Position

Non-current liabilities

Provision for Gratuity Payable 600

• Statement of Profit or Loss

Employee benefit expense USD 300

Cont'd: End-of-Service Benefits in Somaliland's Private Sector: Applying IAS 19 to Local Law

If Ahmed left Layla Cleaning Services at the beginning of 2023 after two years of service, and we recorded the following entry:

Dr Provision for Gratuity Payable 600
Cr Cash/Payable 600

Effect on Financial Statements

- **Statement of Financial Position**

Non-current liabilities

Provision for Gratuity Payable \$0

- **Statement of Profit or Loss**

No effect on financial performance (P/L)

What would have been the implications if the annual gratuity payable had not been recognized?

The following entry would have been recorded:

Dr Employee benefit expense 600
Cr Cash/Payable 600

- **Statement of Profit or Loss**

Employee benefit expense USD 600

Disclosures to be presented in the notes to the financial statements:

- A description of the benefit plan (e.g., one month salary per year as per Law No. 31/2020)
- Basis of estimation (salary × service years)
- Total provision recognized
- Any changes or assumptions used

IAS 19: Employee Benefits

ARTICLES

Strengthening Public Finance through People – The Case for Professional Accountants in Somaliland's Government

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In Somaliland, as in many developing economies, strengthening public trust in government institutions depends greatly on the transparency, accountability, reliability, and overall effectiveness of public financial management (PFM) systems. These systems are not merely administrative tools; they form the backbone of good governance, underpin service delivery, and reinforce the social contract between the state and its citizens. As the Government of Somaliland advances reforms in budgeting, financial reporting, systems and service delivery, one critical element continues to stand out which is the need to professionalize the public sector accounting and financial workforce.

Globally, professional accountants are recognized as essential custodians of public trust in financial governance. Their role extends far beyond the processing of transactions; they provide reliable fiscal data that shapes national policy, decision-making and ensures alignment with international standards such as the International Public Sector Accounting Standards (IPSAS) as well as apply data analytics to identify inefficiencies, fraud risks and guide the execution of budgets with accuracy and foresight. In Somaliland, where public resources are limited, such competencies are not just desirable, but they are vital.

“One critical element continues to stand out: the need to professionalize the public sector accounting and financial workforce”

Cont'd: Strengthening Public Finance through People – The Case for Professional Accountants in Somaliland's Government

Yet, despite the progress made in recent years, challenges continue to impede the development of a strong cadre of professional accountants within government institutions. A considerable number of civil servants currently managing public funds lack formal certification or specialized training in public sector finance and accountancy. Many academic programs remain oriented towards private-sector accounting models, with minimal integration of public financial management concepts and professionalism. Opportunities for ongoing professional development are often unstructured or misaligned with evolving public sector needs.

The professionalization of the government finance and accountancy workforce is therefore not an optional endeavor, but it is a strategic lever for deepening PFM reforms and ensuring their sustainability. Equipping government accountants, auditors, and budget officers with internationally recognized qualifications through the recently embarked Jointly ICPAS-ICPAR CPA program of Somaliland and Rwanda respectively will help institutionalize government accounting, finance and auditing standards, reduce fiduciary risks in donor supported projects, and improve development outcomes in the long run.

In this context, the Institute of Certified Public Accountants of Somaliland (ICPAS) has a central role to play. As the national professional body for accountancy, ICPAS is well positioned to lead a coordinated PFM reform agenda that could strengthen the supply of qualified public finance professionals and enhance their contribution to the integrity of national systems.

“Equipping government accountants, auditors, and budget officers with internationally recognized qualifications will help institutionalize government accounting, reduce fiduciary risks, and improve development outcomes.”

Cont'd: Strengthening Public Finance through People – The Case for Professional Accountants in Somaliland's Government

Another immediate priority is to work with universities and academic institutions to revise accounting curricula, ensuring greater consideration is also given to the public financial management. This could include the integration of IPSAS, procurement and compliance in donor-funded projects, budget execution frameworks, and treasury operations in a public sector of the country context into the government accounting course. Equally important is the development of specialized certification pathways and Continuing Professional Development (CPD) programs tailored to the roles and responsibilities of government accountants, auditors, budget planners, and finance officers managing donor grants.



Structured partnerships are also needed. Collaboration between ICPAS, the Ministry of Finance and Economic Development, the Civil Service Commission, Local Governments and development partners such as the World Bank and African Development Bank can facilitate the design and funding of large-scale, targeted training initiatives. These should aim not only to build technical capacity, but also to embed ethical standards and professional discipline across the public finance ecosystem.

Cont'd: Strengthening Public Finance through People – The Case for Professional Accountants in Somaliland's Government

Moreover, there is a need to elevate the profile of public sector accountants within the broader profession. Public servants working in finance should be afforded the same professional recognition as their counterparts in the private sector. This can be achieved through alignment with international certification pathways such as the CPA qualification (Public Sector Route, an upcoming change to the joint CPA program), ensuring that government finance professionals meet globally accepted standards.

“ICPAS is well positioned to lead a coordinated PFM reform agenda that could strengthen the supply of qualified public finance professionals and enhance their contribution to the integrity of national systems”

Ultimately, rebuilding public trust in financial governance depends not only on systems and regulations, but on people who are technically equipped, ethically grounded, and professionally committed. Somaliland's ongoing PFM reforms offer a strong foundation, but future success will require greater investment in the public sector accounting workforce. By nurturing a new generation of certified, capable, and confident public finance professionals via ICPAS together with the government and the development partners can help ensure that financial integrity becomes a lasting pillar of national development.

*The article was contributed to Volume 3 of ICPAS Magazine by **Abdiqadir Mohamoud Yonis**, Director of External Assistance Fiduciary at the Office of the Accountant General, and **Faisal Mohamed Haginour**, Director of the Budget Department at the Ministry of Finance and Economic Development. Both authors also serve as volunteer advisors to the Executive Management of ICPAS.*

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