

**LAW**  
**ON PUBLIC SECTOR AUDITING OF REPUBLIC OF SRPSKA**

**I – GENERAL PROVISIONS**

**Contents of the law**

Article 1

This Law regulates legal status, organization, jurisdiction, goals, duties, authorities, certification of public sector auditors and other issues of significance for the work of the Supreme Office for the Republic of Srpska Public Sector Auditing (hereinafter: The Supreme Audit Office).

**Definitions**

Article 2

The terms used in this Law have the following meanings ascribed to them:

„Competent parliamentary committee” means the committee of the National Assembly of Republic of Srpska in charge of audit;

„Supreme Office for Public Sector Auditing of Republic of Srpska” means supreme audit institution whose work is regulated by this law;

„Auditor” means a person appointed by the Auditor General to perform activities within the jurisdiction of the Supreme Audit Office;

“Auditor General” and “Deputy Auditor General” is a person appointed to position in accordance with this Law;

“Budgetary institutions” mean all institutions of Republic of Srpska, including the ministries and other Republic organizations funded from the Republic of Srpska’s budget;

“Public sector” means institutions established by the Constitution of the Republic of Srpska or law; ministries, agencies, public funds, companies and other organizations in which Republic has ownership interest;

“Coordination Board” means a board composed of the Auditor Generals and Deputy Auditor Generals of the audit institutions in Bosnia and Herzegovina.

“Confidential information” means any information the disclosure of which is against the public interest for the reasons of security, defence, international relations or which would create unlawful opportunity for a person or an organization to gain economic privileges;

“Budget users” are institutions funded by the government budget;

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<sup>1</sup> This consolidated text of the Law on Public Sector Auditing in Republic of Srpska may be used for internal purposes only and may not be referred to for official purposes. The text of the basic Law was published in the Official Gazette of the Republic of Srpska no. 98/05 dated July 8<sup>th</sup> 2005, and became effective on 18<sup>th</sup> of November 2005. The Law on Amendments to the Law on Public Sector Auditing of Republic of Srpska was published in the Official Gazette of Republic of Srpska no. 20/14 dated March 19<sup>th</sup> 2014 and became effective on March 27<sup>th</sup> 2014.

“Internal control” means policies and procedures for assuring that the objectives of the government programs are achieved; the resources of such programs are used in accordance with the stated objectives of a given organization; the programs are protected from over- spending and mismanagement and that the information provided theretofore are reliable and timely;

“Institution” means institution established by the Constitution of the Republic of Srpska or by the law, ministries, agencies, public funds or companies in which government has ownership interest regardless of the size of that ownership interest;

“INTOSAI” means International organization of supreme audit institutions;

“INTOSAI auditing standards” mean a set of auditing standards developed by INTOSAI;

“Pre audit” means ex ante examination and ex ante certification of transactions in accounting system;

“Premises” mean buildings, offices, facilities or site where audit is performed;

“Public report” means a report that the Supreme Audit Office decides to make public;

“Quality” means a degree to which the audit procedures, including the preparation of the audit reports, are performed in accordance with the applicable auditing standards and regulations;

“Quality control system” means a set of coordinated activities undertaken to ensure the quality of the work of Supreme Audit Office in accordance with applicable auditing standards and regulations;

“Quality assurance” means a review for purposes of making an assessment of whether the system of quality control and quality control measures are implemented and operational;

“Responsible minister” is a minister who is in charge of the area subject to audit.

## **Objectives**

### Article 3

- (1) The main objective of the Supreme Audit Office is to provide, on the basis of the audits performed, independent opinions on compliance with the laws and regulations, budget execution, financial reports, use of resources and management of state property by institutions and public sector of the Republic of Srpska (hereinafter: Republic)
- (2) The Supreme Audit Office shall inform the responsible public institutions and the public about its findings and recommendations by means of timely publication and public dissemination of audit reports and by means of other public information activities.

## **Independence of control and management**

### Article 4

- (1) In carrying out its duties and exercise of its powers the Supreme Audit Office shall be independent of management or control by any person or institution except for the institutions specified herewith.
- (2) The Supreme Audit Office shall be professional, nonpartisan and shall not support any political party.

## **II – ESTABLISHMENT, ORGANIZATION AND AUTHORITIES**

### **Establishment**

#### Article 5

- (1) The Supreme office for public sector auditing of Republic of Srpska was established by the Law on Public sector auditing of the Republic of Srpska (Official Gazette of Republic of Srpska no 18/99, 39/03, 115/04) and shall continue to operate under the same name and in accordance with this Law.
- (2) The Supreme Audit Office has a status of a legal entity that is entered into the Court Register which is maintained by the competent registration court.
- (3) The Seat of the Supreme Audit office is in Banja Luka. The Supreme Audit office may decide to establish regional offices as deemed functionally appropriate and economically reasonable.
- (4) The Supreme Audit Office is composed of: Auditor General, Deputy Auditor General, auditors, administrative and other staff.
- (5) The Supreme Audit Office has its seal and logo.

### **Supreme Audit Office Management**

#### Article 6

- (1) The Auditor General shall manage the Supreme Audit Office and is accountable for duties and powers determined herewith.
- (2) The Deputy Auditor General assists the Auditor General in performance of duties of the Supreme Audit Office.
- (3) Upon the authorization of the Auditor General the Deputy of Auditor General may perform all of the functions, exercise all of the powers and shall have all of the duties of the Auditor General.
- (4) The Auditor General and the Deputy Auditor General may not take part in nor make decisions on the audits of the institutions where the Auditor General or the Deputy Auditor General have been members of management during the preceding two years.

### **Organisation**

#### Article 7

- (1) The Auditor General shall adopt the Rules on organization and systematization of the Supreme Audit Office after consultation with the Deputy Auditor General.
- (2) The Auditor General shall upon consultation with the Deputy Auditor General adopt all internal regulations, rules and procedures necessary for operations of the Supreme Audit Office.
- (3) For purposes of determining the organization of the Supreme Audit Office the Auditor General shall adopt an internal regulation defining the organization and management of the Supreme Audit Office.

## **Employees of the Supreme Audit Office**

### Article 8

The Supreme Audit Office shall employ auditors, administrative staff and other staff capable of fulfilling the tasks, in accordance with this law.

## **Requirements for Auditor General and Deputy Auditor General**

### Article 9

- (1) Candidates for the positions of the Auditor General and Deputy Auditor General may be persons who meet the following requirements:
  - a) Have an undergraduate degree in economics with 240 ECTS credits and at least 10 years of professional experience in the area of accounting and auditing, public finance or state administration,
  - b) Have not been subject to criminal proceeding nor lawfully convicted and sentenced to imprisonment for criminal offence, not including a criminal offence relating to traffic safety.
- (2) The Auditor General and the Deputy Auditor General shall perform the functions of the Supreme Audit office independently and impartially and in accordance with INTOSAI auditing standards and auditing standards of International Federation of accountants (IFAC).
- (3) The Auditor General and the Deputy Auditor General are subject to the Law on conflict of interest in the institutions of the Republic.

## **Appointment and termination of Auditor General and Deputy Auditor General**

### Article 10

The Auditor General and the Deputy Auditor General are appointed by the National Assembly of the Republic of Srpska upon the proposal of the President of the Republic of Srpska. The proposal must be based on the ranks of candidates recommended by the Elections committee in accordance with the paragraph (2) of this Article.

- (1) The appointment process referred to in paragraph (1) of this Article shall include posting of a job advertisement in the "Official Gazette of the Republic of Srpska" and at least in one daily newspapers which circulates throughout the Republic of Srpska. The Elections committee is appointed by the National Assembly of the Republic of Srpska and shall comprise at least five members with two of them being non-constituency members. The Committee shall evaluate all candidates and establish whether they meet requirements as listed in the job advertisement. The Elections committee shall forward the list of recommended candidate ranks to the President of the Republic of Srpska
- (2) The Auditor General and the Deputy Auditor General are appointed for a term of seven years, with no right to re-election. The National Assembly shall appoint the Auditor General and the Deputy Auditor General two months prior to the expiry of current term of office.
- (3) The National Assembly may remove the Auditor General and Deputy Auditor General in cases of:
  - a) their written resignation
  - b) inability to perform duties for the period longer than six months,

- c) if during the performance of duties they are found to violate article 9 of this Law.
- (4) In case of discharge of duties as regulated by the paragraph (4) of this article the National Assembly shall appoint a new person to the position in accordance with paragraph (3) of this article.
- (5) Salaries and remuneration of the Auditor General and the Deputy Auditor General shall be defined by the competent parliamentary committee consistent with salaries and remuneration of the president and vice president of the Constitutional Court.
- (6) The decision on appointment and termination of the Auditor General and the Deputy Auditor General shall be published in the 'Official Gazette of the Republic of Srpska.'

### **Transfer of authority of the Auditor General**

#### Article 11

- (1) Auditor General may, in writing, delegate some of his or her powers to other employees of the Supreme Audit Office which does not preclude the Auditor General from being held responsible.
- (2) In exercising the delegated powers the employees shall act in accordance with all of the instructions of the Auditor General.

### **Use of external experts**

#### Article 12

Should the circumstances so require the Supreme Audit Office may contract professional services of an external expert whose work shall be subject to standards and rules of the Supreme Audit Office.

## **III – JURISDICTION OF THE SUPREME AUDIT OFFICE**

### **Jurisdiction**

#### Article 13

- (1) The Supreme Audit Office shall perform the following:
  - a) financial audits (in accordance with the article 18);
  - b) performance audits (in accordance with article 19); and
  - c) other special audits (in accordance with articles 22 and 23).

### **Exemption from jurisdiction**

#### Article 14

- (1) The Supreme Audit Office may not perform pre-audit review or pre-audit certification of the accounting transactions within an accounting system.
- (2) The Supreme Audit Office may not undertake any activities beyond the framework of the law or activities whose performance would impede fulfilment of the duties of the Supreme Audit Office.

## **Auditing Standards, Quality Control System and Quality Assurance System**

### Article 15

- (1) The Supreme Audit Office shall apply INTOSAI auditing standards and Standards on Auditing of the International Federation of Accountants (IFAC) and ensure that employees and other persons conducting audits apply this law in auditing public sector institutions referred to in article 16.
- (2) The Supreme Audit Office shall issue instructions, guidelines and other documents necessary for the application of the auditing standards.
- (3) The Supreme Audit Office is responsible for implementing the internal control system to ensure that the audit work is compliant with auditing standards, rules and other documents including the measures necessary for ensuring the quality of audit work.
- (4) Professional assessment of the work of the Supreme Audit Office may be performed as initiated by the competent parliamentary committee. The priority in selecting the provider of professional assessment shall be given to the national audit office of another country.
- (5) Professional assessment referred to in the preceding paragraph shall be financed from the special purpose funds in the budget of the Republic of Srpska.
- (6) The Department performing the professional assessment of the work shall deliver the assessment report to the competent parliamentary committee and the Supreme Audit Office. The Supreme Audit Office shall submit to the parliamentary committee the report on measures undertaken on the basis of the assessment.

### **Audit authorizations**

### Article 16

- (1) Pursuant to this law the Supreme Audit Office is authorized to perform audits of:
  - a) The National Assembly of the Republic of Srpska;
  - b) The Office of the President of the Republic of Srpska;
  - c) The General Secretariat of the Government of the Republic of Srpska, ministries and other republic bodies;
  - d) The Council of Peoples of the Republic of Srpska;
  - e) all other budgetary institutions funded from the budget;
  - f) funds and extra budgetary institutions established by the law.
- (2) The Supreme Audit Office is authorized to also perform audits of:
  - a) budget of municipalities and cities;
  - b) any other funds provided to any of the institutions, for purposes of implementing the projects, by the international organization as a loan or a donation to the Republic;
  - c) budget funds allocated to an institution that is, organization.
- (3) The Supreme Audit Office is authorized to conduct audits of public institutions, public and other companies in which the Republic holds direct or indirect ownership share.“

- (4) Authorization of the Supreme Audit Office include all financial, administrative and other activities, programmes and projects managed by one or more institutions referred to in this article including the procedure of and revenues generated from sale of property, privatization and concessions.

### **Audit planning**

#### Article 17

- (1) The Auditor General shall, upon consultation with the Deputy Auditor General prepare an annual audit plan of the Supreme Audit Office and submit it to the competent parliamentary committee.
- (2) In preparing the annual plan the Auditor General and Deputy Auditor General shall apply this law and applicable auditing standards.

### **Financial audit (audit of financial statements and compliance audit)**

#### Article 18

- (1) In performing audits the Supreme Audit Office shall, in accordance with applicable auditing standards, determine whether audited financial statements present truly and fairly, in all material aspects, the financial status of assets and liabilities, performance, cash flows and budget execution in accordance with applicable framework of financial reporting.
- (2) The Supreme Audit Office shall assess whether the laws and regulations are complied with, whether the assets are used in accordance with their purpose and assess financial management, internal control function and internal control systems.
- (3) The Supreme Audit Office shall carry out the preliminary audit during the fiscal year including the follow up on the implementation of recommendations from prior audits and the analysis of measures undertaken on the basis of these recommendations.
- (4) The Supreme Audit Office must conduct annual audits of the National Assembly of the Republic of Srpska, the Council of Peoples of the Republic of Srpska, the office of the President of the Republic of Srpska, the General Secretariat of the Government of the Republic of Srpska, the Tax Administration of the Republic of Srpska, the Pension and Disability Fund of the Republic of Srpska, the Public Fund for Children Protection of the Republic of Srpska and the Public Institution Employment Fund of the Republic of Srpska.
- (5) The Supreme Audit Office shall determine an appropriate number of units of local self-governance and public companies to be audited each year.
- (6) The Supreme Audit Office shall perform an audit and issue its opinion on the Consolidated annual financial report for users of the budget of the Republic of Srpska. The Supreme Audit Office shall submit a report on performed audits in accordance with the Article 21 of this Law.
- (7) Besides institutions referred to in paragraph 4 of this article the Supreme Audit Office shall perform financial audits of other institutions and entities referred to in article 16 of this law in accordance with the annual audit plan.
- (8) Frequency of financial audits of institutions and other entities referred to in paragraphs 5 and 7 of this article, the Supreme Audit Office shall determine on the basis of the provisions of this Law, assessment of risk and financial significance of the institution subject to audit, the results of the previous audits, obtained information on performance of the institution

subject to audit as well as on the assessment of the actual capacities for performing such audits during one fiscal year.

- (9) All audits referred to in paragraph 8 of this Article are included in the regular annual plan of financial audits.

### **Performance audit**

#### Article 19

- (1) The Supreme Audit Office shall conduct, in accordance with this law and auditing standards for public sector, performance audits on the basis of its competences referred to in article 13 of this Law.
- (2) Performance audit is an activity of the Supreme Audit Office which includes the examination of economy, efficiency and effectiveness of the activities, programs and projects within the jurisdiction of the Government of the Republic of Srpska and public sector institutions.
- (3) The results of the performance audit shall be communicated by means of a final report on completed performance audit.
- (4) The Government and the audited institutions are obliged to prepare an action plan within 60 days as of the day of the receipt of the final report on the completed performance audit and submit it to the Supreme Audit Office and competent parliamentary committee to facilitate follow up on the implementation of the recommendations provided.

### **Comments to draft report**

#### Article 20

- (1) Upon completion of the audit the Supreme Audit Office shall prepare a draft report on audit and submit it to the manager of the institutions for providing written comments. The audited institution is obliged to submit written comments to the Supreme Audit Office within 15 days following the receipt of the proposed draft report or within longer period as decided by the Supreme Audit Office. The Supreme Audit Office is obliged to consider the comments before the completion of the final report and in case of inconsistencies the final report shall incorporate accepted objections.

### **Reporting on audits**

#### Article 21

- (1) The Supreme Audit Office shall submit final report to the audited institution and National Assembly in accordance with this article. The copy of the report is in the same time sent to the Government and to the President of the Republic. The copies may be delivered to other institutions, Public Prosecutor of the Republic of Srpska and the Ministry of internal affairs. The Supreme Audit Office shall publish audit reports immediately after submission of those reports.
- (2) When reporting on financial audits as regulated by paragraph (3) of article 18, the Supreme Audit Office is obliged to deliver the final reports to each institution subject to audit and to the Ministry of Finance within 90 days following the submission of the annual report of the budgetary user. For audit of the government's consolidated annual report on budget execution, as regulated by paragraph (4) of the article 18, the Supreme Audit Office is obliged

to deliver the report to the National Assembly no later than 90 days following the receipt of the government's consolidated annual report on budget execution.

- (3) Within 60 days following the receipt of the audit report in accordance with the paragraph (2) of this article, each audited institution shall deliver to the Supreme Audit Office a written response stating the measures undertaken to correct omissions and irregularities specified in the audit report. The institution shall deliver the copy of this report to the Ministry of finance and the competent parliamentary committee.
- (4) Based on the findings and recommendations in the annual audit report or annual report on budget execution the National Assembly may, upon recommendation of the competent parliamentary committee reduce the funds of a budgetary institution or undertake other measures as appropriate.
- (5) When reporting on performance audits in accordance with article 19 of this Law and in case of specially commissioned audits as in accordance with article 19 of this law the Supreme Audit Office shall prepare and submit a report to the audited institutions, the competent parliamentary committee, the President of the Republic, the Government, the Ministry of Finance and other interested institutions no later than 30 days following the completion of the audit.
- (6) The Supreme Audit Office shall include most significant findings and recommendations from financial audits, performance audits and specially commissioned audits in its annual audit report to the National Assembly. The annual audit report must be submitted together with the audit report of the government's consolidated annual report on budget execution, as its integral part, in accordance with the paragraph (2) of this article.
- (7) All reports of the Supreme Audit Office must be publicly available and published on the website of the Supreme Audit Office, except for confidential information set out in articles 44 and 45 of this Law.

### **Additional reports to the Assembly**

#### Article 22

- (1) The Supreme Audit Office may at any time submit the audit report to the National Assembly in respect of any issue within its jurisdiction.
- (2) The Supreme Audit Office shall submit a copy of the report referred to in paragraph (1) of this article, as information to: the President of the Republic, the Government, the Minister of Finance or other Minister who is considered by the Supreme Audit Office to have a special interest in the report.

### **Specially commissioned audits**

#### Article 23

- (1) The National Assembly or competent parliamentary committee may request from the Supreme Audit Office to perform a special audit. Extra funds shall be allocated for specially commissioned audits.
- (2) The Supreme Audit Office shall also perform special audits upon the request of the Government of the Republic of Srpska, subject to approval of the National Assembly.
- (3) The Supreme Audit Office shall submit a report on the audits completed as prescribed by the Article 21 of this Law.

## **Information for law enforcement authorities**

### Article 24

- (1) The Supreme Audit Office shall provide to the law enforcement authorities, should they so require a copy of any published audit report or any part thereof as well as a copy of any document obtained during the audit process.
- (2) In case of an expressed adverse audit opinion based on a financial audit, the copy of the part of the audit report titled "Report of the Auditor General," shall be delivered to the Public Prosecutor of the Republic of Srpska.
- (3) All other rules and procedures regarding the communication between the Supreme Audit Office and the law enforcement authorities as well as the rights and responsibilities of the parties to such communication shall be specified in the form of a protocol/agreement /memorandum or any other document deemed appropriate and signed by the parties.

## **IV – THE FUNDING OF THE SUPREME AUDIT OFFICE**

### Article 25

- (1) The Supreme Audit Office shall prepare the annual budget request and submit it to the competent parliamentary committee.
- (2) Following the approval of the proposed budget request by the competent parliamentary committee the Supreme Audit Office shall, in accordance with the time frame established by the Law on budgetary system of the Republic of Srpska, forward it as a draft budget to the Ministry of Finance for incorporation into the draft Budget of the Republic of Srpska for the year in question.
- (3) The Auditor General disposes of funds and approves payments of the Supreme Audit Office. Unspent funds are carried forward to the following year and are used for development and advancements of the Supreme Audit Office.

## **Annual Activity Report and External Audit of the Supreme Audit Office**

### Article 26

- (1) The Supreme Audit Office shall prepare the financial statements on its activities in accordance with the Law on Treasury and the Law on budgetary system.
- (2) The annual report (hereinafter: Annual report on activities) shall besides information on performance of the Supreme Audit Office include financial report of the Supreme Audit Office. The Annual report on activities shall be submitted to the competent parliamentary committee.
- (3) The competent parliamentary committee may review and evaluate the Annual report on activities of the Supreme Audit Office and present a report on it to the National Assembly of the Republic of Srpska.
- (4) The National Assembly of the Republic of Srpska shall issue a decision on review and evaluation of the Annual report on activities of the Supreme Audit Office.

## **V – EMPLOYEES OF THE SUPREME AUDIT OFFICE**

### **Application of the Law**

#### Article 27

- (1) The Law on civil service in the institutions of the Republic of Srpska is not applied to employees of the Supreme Audit Office.
- (2) In cases when certain employment rights and responsibilities are not regulated by this Law, applied shall be the employment regulations of the Republic.

### **Responsibilities of employees**

#### Article 28

- (1) In carrying out their work and duties the employees of the Supreme Audit Office shall ensure compliance with the constitution and laws of the Republic. When an employee receives an instruction that he or she suspects to be unlawful, he or she shall use the procedure to be defined by an internal regulation.
- (2) The Supreme Audit Office shall adopt a Code of ethics on the basis of internationally recognized INTOSAI standards which must state values the employees should adhere to, which the employees will read, take an oath theretofore and verify by signature their commitments stemming from the Code of Ethics.
- (3) An employee shall be impartial and especially:
  - a) shall refrain himself/herself from any procedure or omissions which are inconsistent or conflicting with the responsibilities defined in this Law and shall also refrain from publicly exposing his/her political or religious beliefs;
  - b) shall neither seek nor receive any form of income, benefit, financial compensation or services or any other form in his/her name or name of his/her relatives.
- (4) Employees shall safeguard confidential information during their employment with the Supreme Audit Office as well as after the employment has ceased.

### **Rights of employees**

#### Article 29

Employees of the Supreme Audit Office have the right to:

- a) take leave in accordance with the Rules and the right to return and continue working on the same or similar jobs after the leave;
- b) Salary and remuneration as defined by the Rules;
- c) motivation and support in career advancements and professional development through training and other means;
- d) receive protection from the state for purposes of maintaining his/her physical and moral integrity in carrying out official duties;
- e) to be treated with human dignity by their superiors;
- f) to establish and become members of the unions or professional association in accordance with the law;

- g) receive equal treatment in all aspects of staff management regardless of sex, nationality, social background, place of residence, religious, political or other affiliation, marital or other status, age, property, disability (handicap) or other.

### **Conflict of interest (incompatibilities)**

#### Article 30

- (1) An employee may not perform a function, activities nor take up a position leading to conflict of interest with his/her official duties:
  - a) Shall not perform a public function at any level of government hierarchy in the Republic;
  - b) Shall not be a member of management or other boards in companies in which government has ownership or other interest, political parties nor shall follow the instruction of political parties;
  - c) Shall not perform other activities which may influence independence, fairness and public repute of the auditor as well as independent and professional status and public repute of the Supreme Audit Office.

### **Employment**

#### Article 31

- (1) In case a vacancy occurs in the Supreme Audit Office, the Supreme Audit Office shall publish the job announcement to fill the vacancy.
- (2) The job announcement for filling the vacant post must be advertised at least one month prior to the application deadline in at least one daily newspaper that circulates throughout the Republic
- (3) Job announcement contains:
  - a) a) name of the vacancy;
  - b) general and specific job requirements for the work post in question.
- (4) The Supreme Auditor shall adopt the Rules establishing the requirements for each work post within the Supreme Audit Office and specifying the work posts which may, as an exception, be filled without vacancy advertisement.

### **General requirements**

#### Article 32

- (1) In order to establish an employment relationship with the Supreme Audit Office a person must meet following general requirements:
  - a) be a citizen of Bosnia and Herzegovina;
  - b) be more than 18 years old;
  - c) have appropriate educational and professional qualifications as according to the Rules on internal organization and systematization of work posts of the Supreme Audit Office;
  - d) have certification of the health care provider on fitness for duty;

- e) has not been removed from civil service as a result of the disciplinary proceeding at any level of government in Bosnia and Herzegovina for the three years preceding the date of application for the work post in the Supreme Audit Office;
  - f) have not been subject to criminal proceedings nor lawfully sentenced to imprisonment for criminal offences with an exception of offences against traffic safety;
  - g) non/applicability of article IX of the Constitution of Bosnia and Herzegovina.
- (2) In addition to general requirements, a person applying for an advertised vacancy must meet specific requirements defined by the Rules on internal organization and systematization of work posts in the Supreme Audit Office.

### **Elections and appointments process**

#### Article 33

- (1) The Auditor General shall appoint a committee for conducting elections procedures which comprises three members.
- (2) The Elections Committee shall consider all applications received within the set deadline and shall make a shortlist of the most successful candidates.
- (3) All candidates on the most successful candidates' shortlist shall be invited for an interview with the elections committee.
- (4) The interview shall be carried out in accordance with the principle of legality, independent supervision and transparency.
- (5) Upon completion of interviews the elections committee shall propose to the Auditor General the list of at least three most successful candidates.
- (6) The Auditor General shall appoint the proposed candidate who has the highest rank as recommended by the Elections Committee. If an appointment process may not be completed for any justifiable reasons the next candidate from the shortlist shall be considered.
- (7) The Supreme Audit Office must safe keep all documents relating to the procedure.

### **Disciplinary liability**

#### Article 34

- (1) An employee shall be subject to disciplinary action for violations of official duties caused by his/her conduct, as determined by this Law.
- (2) Violations of official duty include:
  - a) Actions representing criminal offence against official duty or other criminal offences which impair the reputation of the Supreme Audit Office;
  - b) Disclosure of government, military or official secret information, that is violation of regulations protecting confidential information;
  - c) Abuse of official position or abuse of power;
  - d) Failure to complete work assignments, failure to fulfil official duties with due care and attention;
  - e) Rejection to obey with lawful instruction of immediate supervisor;

- f) Undertaking activities or procedures which are in contravention with interests of the Supreme Audit Office;
  - g) Causing significant financial damage intentionally or negligently;
  - h) Violation of discipline at work;
  - i) Failure to complete assignments in the prescribed manner and within deadlines;
  - j) Inappropriate conduct towards citizens, associates or other parties in performing official duties.
- (3) Liability for criminal offences and violations does not preclude disciplinary liability of the employee when the offence also represents a violation of the duty.
- (4) Disciplinary measures include: written warning, suspension from work, appointment to lower level positions, and termination of employment.

### **Disciplinary proceedings**

#### Article 35

- (1) Any institution subject to audit may file a complaint with the Auditor General against employees of the Supreme Audit Office.
- (2) Any employee may give an initiative for commencement of the disciplinary proceedings against an employee who is suspected to have committed an offence referred to in article 34 of this Law.
- (3) The Auditor General shall adopt the Rules on disciplinary proceedings establishing the procedure for determining disciplinary liability.

### **Termination of employment**

#### Article 36

Employees of the Supreme Audit Office shall have their employment terminated in following cases:

- a) Voluntary resignation from service;
- b) Expiry of fixed term employment contract;
- c) Fulfilment of the retirement criteria;
- d) Permanent inability to perform work duties due to health condition provided that the employee may not be reappointed to other suitable positions within the Supreme Audit Office;
- e) Loss of citizenship of Bosnia and Herzegovina;
- f) Acquisition of citizenship of another country in violation of the Constitution and laws;
- g) Surplus of employees;
- h) Two consecutive negative performance assessment;
- i) If sentenced for criminal offence to more than a six months in prison;
- j) Termination of employment on the basis of the imposed disciplinary measure.

## **Salaries**

### **Article 37**

The Auditor General shall adopt Rules establishing a general salary schedule and calculation of salaries within the Supreme Audit Office. When determining the criteria for salary calculation the Auditor General shall take into account specific skills and experience relative to each job position within the Supreme Audit Office.

## **Immunity and exemption from liability**

### **Article 38**

- (1) Persons performing auditing duties in the Supreme Audit Office shall not be subject to criminal prosecution or civil liability in respect of activities within their jurisdiction. Such persons are entitled to protection by the state bodies against acts of assault, insulting or unreasonable action committed in relation to the performance of their duties.
- (2) The persons referred to in the preceding paragraph may not be exempted from criminal liability if they are found committing a criminal offence during the performance of their duties.

## **Certification of the public sector auditors**

### **Article 38a**

- (1) Public sector auditor certification is carried out in accordance with the Rules on public sector auditor certification and Professional Training Program for Public Sector Auditor Qualification.
- (2) The Rules referred to in paragraph 1 of this article prescribe general requirements for obtaining public sector auditor qualification.
- (3) The Program referred to in paragraph 1 of this article defines contents and method of conducting training courses leading to certification and must encompass general part and special parts for financial audit (financial audit of financial statements and compliance audit) and performance audit.
- (4) Implementation of the program referred to in paragraph 1 of this article may be carried out partly or in full by local or international organization or institution with appropriate level of professional qualifications, skills and credibility in the area in question.
- (5) Public sector auditor certification is carried out by a seven- member committee which is appointed by the Auditor General.
- (6) The Committee referred to in paragraph 5 of this article is made up of Auditor General as a chairman and six members with required professional and expert knowledge and skills.
- (7) The competent parliamentary committee, the Ministry of Justice of the Republic of Srpska, the Ministry of Finance of the Republic of Srpska and a professional body in the Republic of Srpska defined by the Law on accounting and auditing of the Republic of Srpska shall each appoint one member to the committee referred to in paragraph 5 of this article.
- (8) A person meeting the requirements for public sector auditor qualification is issued a certificate to be entered in the public register of qualifications which is maintained and updated by the Supreme Audit Office and published on its website.

- (9) the Auditor General shall adopt rules and the program referred to in paragraph 1 of this Article within six months following the effective date of this Law.

## **VI – AUTHORITY TO OBTAIN INFORMATION**

### **The authority of the Supreme Audit Office to access information**

#### Article 39

- (1) An institution subject to audit shall, upon the request of the Supreme Audit Office, make available the information and records, including the electronic data that are kept by the institution or are under its control.
- (2) The Supreme Audit Office may request:
- a) that the information or answers to questions are provided verbally or in writing;
  - b) that the information or answers to questions are verified by a written statement or provided in form of an assertion.

### **Access to premises and documents**

#### Article 40

- (1) Auditors have right to:
- a) at any reasonable times, enter any facility used by the institution subject to audit by the Supreme Audit Office;
  - b) full and free access at any reasonable time, to all documents or other assets;
  - c) review, copy or take excerpts from any document
- (2) An auditor may not enter and remain in the institution premises unless able to present upon its request the written authorization.
- (3) “Written authorization” referred to in preceding paragraph means the authorization signed by the Auditor General or Deputy General Auditor.
- (4) The institution shall provide to the auditor all necessary means for successful performance of activities referred to in this Article.

### **Authority to collect information**

#### Article 41

Activities referred to in articles 39 and 40 of this Law are not subject to limitations of any other law.

### **Purposes for which authority to collect information is used**

#### Article 42

Auditors may use the authority to collect information referred to in articles 39 i 40 only for the purposes of performing audits.

## **False statements**

### Article 43

A person of an institution subject to audit, may not give written or oral statements to the auditor known to contain false or misleading substance.

## **VII – CONFIDENTIALITY PROVISIONS**

### **Confidentiality of information**

#### Article 44

An auditor shall not communicate the information obtained during the performance of functions of the Supreme Audit unless the Law confers the right to the Supreme Audit Office to disclose such information.

### **Confidential information which may not be included in the public report**

#### Article 45

- (1) The Supreme Audit Office may not include particular information in public report if:
  - a) such information are classified as confidential by the rules of the Supreme Audit Office;
  - b) a person managing the institution subject to an audit provides a written explanation to the Supreme Audit Office about the confidential information pursuant to the law and regulations of the institution subject to audit
  
- (2) If the requirements referred to in preceding paragraph are satisfied and provide grounds to the Supreme Audit Office to decide:
  - a) not to publish the audit report;
  - b) not to publish relevant information from such report

the Supreme Audit Office shall submit the report inclusive of confidential information to the competent parliamentary committee.

## **VIII – COORDINATION BOARD OF AUDIT INSTITUTIONS**

### **Members of Coordination Board**

#### Article 46

- (1) The Auditor General and the Deputy Auditor General of the Republic of Srpska are members of the Coordination Board of Audit Institutions of Bosnia and Herzegovina.
- (2) The Coordination Board shall use consensus decision making process provided that each Audit Institution has one vote.
- (3) Coordination Board's expenses shall be funded by the Audit Institutions in a manner defined by the Coordination Board.

## **IX – PENALTY PROVISIONS**

### Article 47

- (1) A penalty ranging from 5.000 KM up to 50.000 KM shall be charged to persons who:
  - a) are not compliant with the article 39 of this Law;
  - b) fail to provide all reasonable means to the auditor for effective exercise of audit rights referred to in article 40 of this Law.
- (2) for offences referred to in paragraph 1 of this article the responsible person within the legal entity shall be charged with the penalty ranging from 1.000 KM up to 3.000 KM.
- (3) An individual or responsible person within the legal entity making a false or misleading written or oral statement to an auditor shall be charged for the offence with a penalty ranging from at least 1.000 KM up to 3.000 KM.

## **X – TRANSITORY AND CLOSING PROVISIONS**

### Article 48

The Auditor General and Deputy Auditor General who are appointed in accordance with the Law on Public Sector Auditing of the Republic of Srpska and hold a term of 7 (seven) years (“Official Gazette of the Republic of Srpska”, no. 18/99, 39/03 and 115/04), shall have their appointment confirmed in accordance with the paragraph 3 of the article 10 of this Law.

Other employees of the Supreme Audit Office shall carry on their work in accordance with the Rules on organization and systematization of work posts.

### Article 49

Should there be a conflict between this and provisions of any other law the provisions of this law shall prevail.

### Article 50

The National Assembly shall within 90 days following the effective date of this Law adopt rules on appointments, organization of work and other rules of the competent parliamentary committee.

### Article 51

Upon the effective date of this law, the Law on Public Sector Auditing of the Republic of Srpska (“Official Gazette of the Republic of Srpska”, no. 18/99, 39/03 and 115/04) shall cease to be effective.