

**LAW**  
**on the Republic of Srpska public sector auditing**

**Article 1**

This Law provides for the auditing of the Republic of Srpska public sector, the formation of the Supreme Audit Office, the appointment and discharge of the Supreme Auditor and Deputy Supreme Auditor, the scope of work, powers for collecting information necessary for auditing, secrecy and assurance of the audit quality.

**Article 2**

This Law provides for the establishment of the Supreme Audit Office for the Republic of Srpska public sector auditing (hereinafter: Supreme Audit Office).

The Supreme Audit Office comprises the Supreme Auditor, the Deputy Supreme Auditor and the Audit Services.

The Supreme Audit Office for the Republic of Srpska public sector auditing shall be based in Banja Luka.

**Article 3**

The function of the Audit Services shall be to help the Supreme Auditor in carrying out his auditing tasks.

**Article 4**

The Supreme Audit Office staff shall be integrated by persons appointed or elected pursuant to the Book of Rules on the Systematisation of Jobs of the Supreme Audit Office that shall be approved by the Government of the Republic of Srpska (hereinafter: the Government).

**Article 5**

The funds for the Supreme Audit Office shall be provided in the Republic of Srpska budget.

The Minister of Finances shall ensure the transfer of funds referred to in Paragraph 1 of this Article to the account of the Supreme Audit Office.

**Article 6**

The Supreme Auditor shall deliver to the Republic of Srpska National Assembly (hereinafter: the Assembly) the operations report of the Supreme Audit Office for the previous year not later than on 31st March.

**Article 7**

The Supreme Auditor shall be appointed by the Assembly by recommendation of the Government.

The Supreme Auditor shall be appointed for a fixed, non-renewable period of five years.

At the time of his/her appointment, the Supreme Auditor shall not be over 60 years old.

The Supreme Auditor shall be discharged from his position before the expiration of his term:

- if he submits a written resignation to the Assembly,
- if he is permanently unable to perform the duties of Supreme Auditor,
- if he commits a criminal offence that makes him unsuitable to perform the duties of Supreme Auditor, or
- if the Assembly assesses negatively the reports on the audits of the public accounts;

The appointment and discharge of the Supreme Auditor shall be published in the "Official Gazette of the Republic of Srpska".

#### **Article 8**

The Supreme Auditor of the Republic of Srpska shall be a member of the Auditing Co-ordination Board in Bosnia and Herzegovina. In the case of absence of the Supreme Auditor, his authorised representative shall attend the meetings of the Co-ordination Board.

The Supreme Auditor's salary and other allowances shall be prescribed by the regulation that establishes the salaries and allowances of public officials and can not be lower than the salary of the RS citizen performing the duty of Vice-Governor of the Central Bank.

#### **Article 9**

In performing his duties, the Supreme Auditor shall be subject to control only as set forth by this Law.

#### **Article 10**

The Deputy Supreme Auditor shall be appointed by the Assembly following a proposal of the Government and with the consent of the Supreme Auditor.

The provisions of this Law that apply to the appointment and discharge of the Supreme Auditor shall also apply to the Deputy Supreme Auditor.

#### **Article 11**

The Deputy Supreme Auditor shall assume the duties of acting Supreme Auditor in cases when:

- there is a vacant position of Supreme Auditor,
- the Supreme Auditor is absent from his job or, for any reason, is prevented from performing his duties;

The acting as Supreme Auditor shall not extend over 6 months.

The Acting Supreme Auditor shall have all the rights and obligations of the Supreme Auditor.

The person who is the Acting Supreme Auditor shall be entitled to the same salary and allowances offered for the job of Supreme Auditor.

#### **Article 12**

In performing his duties under this Law and other laws, the Supreme Auditor shall ensure the following:

- that all persons performing duties affected by the audit, comply with laws and regulations;
- that all reasonable precautions are taken to ensure the collection and keeping of the public revenues and the due adherence to laws, instructions and directives related to those revenues,
- that the disbursement of public revenues, including extra-budgetary funds, take place under the proper authorisation and for the purposes for which the authorisation was given, and
- that all reasonable measures are taken to ensure the receipt, keeping, issuance and proper use of goods reserves and the due adherence to the instructions issued to that effect;

Apart from the duties stipulated in the previous paragraph, the Supreme Auditor shall warn the competent Minister of any apparent lack of economising, efficiency and effectiveness:

- in the collection and keeping of public revenues, and
- in the spending and use of public revenues, including extra-budgetary funds and goods reserves;

#### **Article 13**

The Supreme Auditor may transfer, in writing, any of his powers under any law to any Audit Services employee or contracted staff.

The Supreme Auditor may not transfer any of his/her responsibilities for the execution of the transferred powers.

All employees and contracted staff members shall act in accordance with all instructions of the Supreme Auditor.

#### **Article 14**

The Supreme Auditor shall carry out the annual audit of public accounts of all ministries, courts and all other bodies of the Government, bodies of the municipalities, public funds and other public institutions.

In cases where the access for the audit is not allowed or impeded, the Supreme Auditor shall inform the Government about it.

The Supreme Auditor's duties in relation to public accounts include:

- a) enterprises, companies or organisations partially or fully owned by the Republic of Srpska, controlled or funded from the Republic of Srpska budget or other funds or those whose guarantor is the Government or the municipalities; and
- b) organisations or activities which receive government funds or funds allocated either as loans or grants from the Republic of Srpska budget or the municipalities;

In reporting on the public accounts referred to in the previous paragraphs of this Article, the Supreme Auditor shall report:

- on whether the accounts were presented in accordance with valid legislation and whether they were used as it was intended,
- on whether the annual accounts reflect an accurate and true representation of the business operations carried out during the year and the situation at the end of the year, and
- on the efficiency and success with which the organisations used its resources in performing their functions;

The Supreme Auditor shall submit his report to the Assembly, and he shall also send a copy of each report to the Finance Minister and the competent Ministers concerned.

#### **Article 15**

The bodies and organisations referred to in Article 14 of this Law whose financial statements are audited at their own request shall pay the audit fees as per the scale of fees determined by the Supreme Auditor and approved by the Committee for Economy and Finances of the Assembly.

The fees shall be paid within 30 days after the date of issue of the bill.

Bills for the payments of the fees in instalments can be issued before the audit is complete.

The Supreme Auditor can enforce the collection of the unpaid fees, on behalf of the Government, through the court of competent jurisdiction.

The Supreme Auditor shall include in the annual report detailed information on the basis on which the audit fees applied during the concerned fiscal year were determined.

#### **Article 16**

In terms of the efficiency and success, the Supreme Auditor may order at any time a review or examination of a particular aspect of the business operations of the whole or part of any organisation which the Supreme Auditor has the obligation to audit under this Law.

After completing the audit under the previous paragraph of this Article, the Supreme Auditor shall submit his report to the Assembly within 30 days after the date of the audit.

The Supreme Auditor shall also give a copy of the report to the Ministry of Finances and the competent Minister.

#### **Article 17**

After preparing the proposed audit report, the Supreme Auditor shall give a copy of the proposed report to the official of the concerned organisation in which the audit was performed.

If the recipient of the proposed audit report gives written comments to the Supreme Auditor within 15 days after receiving the proposed report, the Supreme Auditor shall consider those comments and explain them in his final report to the Assembly.

#### **Article 18**

The Supreme Auditor shall perform special audits by request of the Assembly or the Government, Republic bodies or Municipal Assemblies.

The Supreme Auditor may conclude an agreement with any person or body authorised to perform audits:

- a) to audit financial statements of bodies and organisations provided for in Article 14,
- b) to implement audit results,
- c) to provide services to an entity or body from the scope of the usual activities of the auditors;

#### **Article 19**

The Supreme Auditor shall implement the audit standards as approved by the Co-ordination Board and ensure that all that those standards are applied by all persons undertaking any audit duties under this Law.

#### **Article 20**

The Supreme Auditor may, by a written authorisation, instruct a person to do all or any of the activities within the framework of competencies of the Supreme Auditor:

- to provide to the Supreme Auditor any information required by the Supreme Auditor,
- to present to the Supreme Auditor any documents in the custody or under the control of the person, except those that are a state secret;

The Supreme Auditor may request that:

- the information or answers to questions be given verbally or in writing,
- the information or answers to questions be verified as a statement;

The statement or affirmation is a statement that the information or evidence given by the person are true and may be used by the Supreme Auditor or authorised officials.

A person must comply with the instructions set forth under this Article.

#### **Article 21**

The Supreme Auditor or an authorised official:

- may, at any time, enter and remain in any premises used by the Government, a government agency, a government body or other republic organisations and organs,
- is entitled to full and unimpeded access at any time to any documents or other property, and
- may examine, make copies or take extracts from any documents except those that represent a state secret;

For this purpose, an "authorised official" means any official authorised by the Supreme Auditor in writing to exercise the powers and duties in accordance with this Law.

An authorised official is not entitled to enter or remain in the premises if, asked by the user of the premises, he/she fails to produce a written authorisation as proof of his/her powers.

#### **Article 22**

The activities set forth in Articles 20 and 21 are not limited under any other Law, except in the case when the other Law explicitly excludes the activities from Articles 20 and 21.

#### **Article 23**

If a person obtains an information in the course of exercising the duty of Supreme Auditor, he/she shall not disclose such information except for the reasons provided for to the Supreme Auditor by the law.

The Supreme Auditor shall not include sensitive information in a public report if:

- the Supreme Auditor is of the opinion that the information is confidential, or
- the competent official issues a certificate to the Supreme Auditor stating that the information, in the opinion of the official of the organisation or organ, is confidential information;

Public report means a report that shall be presented to the Assembly. Confidential or sensitive information means any information, the disclosure of which would be contrary to the public interest for reasons of security, defence, international and internal relations, or information that would prejudice privileged commercial interests of any person or body as recognised the by law or accepted in normal commercial practice.

#### **Article 24**

The Assembly Committee for Economy and Finances shall control the public reports.

#### **Article 25**

The Assembly Committee for Economy and Finances may appoint an independent quality controller to review the work of the Supreme Audit Office to establish whether they perform their work in accordance with the law, approved audit standards and internationally acceptable audit quality.

The quality controller appointed under this Article, shall be an internationally recognised organisation or person with expertise in the work of the Supreme Audit Office. In order to carry out his work, the quality controller may examine files and other documents held by the Supreme Auditor, interview audit staff, accompany such staff on audits, or carry out such other investigation work, as the controller should consider necessary.

The Assembly Committee for Economy and Finances shall have the same information gathering powers and shall be subject to the same secrecy provisions as are applicable to the Supreme Auditor.

#### **Article 26**

The quality controller, after conducting the quality control, shall:

- submit to the Assembly Committee for Economy and Finances a report on the control of the quality of the auditing work, which report will contain conclusions and recommendations for action,
- in each report, except in the first, the quality controller shall comment on the extent to which recommendations from earlier reports on quality controls have been acted upon,
- submit the draft report to the Supreme Auditor, and the Supreme Auditor may make comments on the report within 15 days, which comments should be taken into account by the controller in the preparation of his/her final Report;

The Assembly Committee for Economy and Finances shall submit the final report on the quality control to the Assembly.

#### **Article 27**

For an offence or violation committed under Articles 19, 20 and 22 of this Law, the person responsible shall be punished with a monetary fine in the range of KM 500 to KM 10,000.

#### **Article 28**

All the Supreme Auditor's reports presented to the Assembly pursuant to the provisions of this Law shall be recorded in the Bulletin of the Supreme Audit Office.

#### **Article 29**

Intelligence or security agencies, established pursuant to the law, companies that are conducted for intelligence purposes or security agencies established in accordance with the law, shall be subject to auditing as provided for by separate laws.

#### **Article 30**

The government may pass regulations or opinions to regulate matters required or permitted by this Law, the regulating of which matters is indispensable or beneficial for the implementation of this Law or making possible the implementation of this Law.

#### **Article 31**

This Law shall enter into effect on the eighth day after the date being published in the "Official Gazette of Republic of Srpska".

No: 01-601/99  
July 15th, 1999

Speaker of the  
National Assembly  
Petar Djokic

### **LAW on Amendments of Public Sector Auditing of the Republic of Srpska**

#### **Article 1**

In the Law on Public Sector Auditing of the Republic of Srpska ("Official Gazette of Republic of Srpska" No. 18/99), Article 7, paragraph 4, item 4, the following is changed as follows:

"When the National Assembly of the Republic of Srpska makes a Decision on discharge, according to negative assessment of the Report on auditing according to the public accounts and on the basis of serious negative criticism published in the Independent Report of the quality control."

#### **Article 2**

Article 15, paragraph 1, is changed as follows:

"Organ and organization from Article 14 of the Law, except the National Assembly of the Republic of Srpska and the Government of the Republic of Srpska, whose financial settlements are audited upon its request or for which special auditing according to the Article 18 are carried out, is obliged to pay the compensation for auditing on the basis of the price list established by the Supreme Auditor and approved by the Commission for Economy and Finances of the National Assembly".

#### **Article 3**

Article 18 is changed as follows:

The Supreme Auditor will carry out special auditings at any time, upon the request of the National Assembly of the Republic of Srpska, the auditings upon the request of other

organs and organizations, in accordance with the work programme.

Special auditings, except the auditings requested by the National Assembly will be undertaken according to the own discretion of the Supreme Auditor who can refuse to carry out the requested auditing or to postpone it for the next period.

The Supreme Auditor, in decision making on accepting of the requested special auditing, will give priority to time, effort and resources necessary for completion of existing , requested or special operations. If the Supreme Auditor refuses to accept the request for special auditing, he will give written notice about it to the organ which directed the request, and state reasons for refusal or postponement of the special auditing.

The decision of the Supreme Auditor on acceptance or postponement of the requested special auditing is final and is not the subject to complaint procedure.

The organ which request for special auditing was refused or postponed will not undertake any detrimental acts which would influence the Supreme Auditor, personnel or budget.

The Supreme Auditor can conclude an agreement with any person or organization who has authorization for execution of auditing for:

- a) carrying out of auditing of financial settlements of organs and organizations from Article 14
- b) implementation of auditing results
- c) giving services to a person or an organ within the scope of common activities of the Auditor

#### **Article 4**

This Law shall enter into effect on the eighth day after the date being published in the "Official Gazette of Republic of Srpska".

Number: 01-354/03

13rd May 2003

Banja Luka

President

of the National Assembly

Dr Dragan Kalinic