

Official gazette of the Republic of Srpska no 98 – Monday, Nov. 7th 2005

Pursuant to item 2 of the Amendment XV to the Constitution of the Republic of Srpska (Official gazette of the Republic of Srpska+no. 28/94) I herewith issue this

**DECREE
ON PRONOUNCING THE LAW ON PUBLIC SECTOR AUDIT IN THE REPUBLIC OF
SRPSKA**

I herewith pronounce the Law on public sector audit in the Republic of Srpska, which was adopted by the National Assembly at their Thirtieth session, held on Oct. 6th 2005 . whereas the Council of peoples of the Republic of Srpska informed the National Assembly that the presiding and the deputy presiding from the Croatian people in the Council of peoples have withdrawn the decision on initiating the vital national interest upon the adopted Law on public sector audit in the Republic of Srpska.

Number: 01-020-638/05
Oct 28th 2005
Banja Luka
President of the Republic
Dragan Cavic

**LAW
ON AUDITING THE INSTITUTIONS OF THE REPUBLIC OF SRPSKA**

I. GENERAL PROVISIONS

**Scope of the law
Article 1**

This Law regulates audit of the institutions at level of the Republic of Srpska, the organization, management and powers, objectives, duties, as well as other issues significant for the operations of the Audit Office of public sector of the Republic of Srpska (hereinafter: the Audit Office).

**Definitions
Article 2**

In this Law, the terms used have the following meaning:

“**Competent assembly’s committee**” means the committee of the National assembly of the Republic of Srpska authorized for auditing;

“**Audit Office for public sector auditing of the Republic of Srpska**” means the Supreme Audit Institution whose duties have been regulated by this law;

“**Auditor**” means an official appointed by the Auditor General, to carry out Audit Office duties or functions;

“**Auditor General**” and “**Deputy Auditor General**” means the persons appointed to the posts under this Law;

“**Budget Institutions**” means all institutions of the Republic of Srpska including ministries and other bodies and institutions financed from the budget of the Republic of Srpska;

“**Public sector**” means the institutions founded by the Constitution of the Republic of Srpska or by the law, the ministries, agencies, public funds, the enterprises and other organizations in which the Republic participates in the ownership;

“**Co-ordinating Committee**” means the committee comprising of the Auditors General and Deputy Auditors General of the Supreme Audit Institutions in Bosnia and Herzegovina;

“**Confidential Information**” means any information disclosure of which would be against public interest for reasons of security, defence, international relations, or which would discriminate the privileged personal integrity or privileged commercial interests of any person or institution as defined by law or generally accepted commercial practice;

“**Budget users**” means institutions directly financed from the budget;

“**Internal Control**” means policies and procedures used to ensure that government programmes achieve their intended results; that the programme resources are used in line

with the stated aims and objectives of the organisation concerned; that programmes are protected from waste, fraud and mismanagement; and that information obtained is reliable and timely, maintained, reported and used for decision making;

“**Institution**” means the institution founded by the Constitution of the Republic of Srpska or by law, the ministry, agency, public fund or enterprise in which the Government takes part in its ownership, regardless of the size of this share;

“**INTOSAI**” means the International Organisation of Supreme Audit Institutions;

“**INTOSAI auditing standards**” means the set of audit standards developed by the INTOSAI. The standards have the following basic elements: The Lima Declaration on Guidelines on Auditing Precepts (principles for independence), The Auditing Standards (principles for audit work) and The Code of Ethics (values and principles for auditors).

“**Pre-audit**” refers to the ex-ante examination or ex-ante certification of transactions as part of the accounting system;

“**Premises**” means any building, office, land or site where the audit is performed.

“**Public report**” means any report made public based on decision of the Audit Office;

“**Quality**” means the degree of compliance of the actually implemented audit processes, including the preparation of the audit report with the existing audit standards and rules and regulations:

“**Quality Control System**” means a set of coordinated activities established to ensure that the work of the Audit Office complies with existing audit standards and rules and regulations;

“**Quality Assurance**” means assessment of implementation and operation of the designed quality control system and measures.

“**Responsible Minister**” means the Minister responsible for the area subjected to audit;

Objectives

Article 3

- 1) The main objective of the Audit Office shall be to, through the performance of audits, provide independent opinions on the law and other regulations implementation, budget execution and the financial statement, the use of resources and the management of state property by the government and public institutions in the Republic of Srpska (hereinafter: the Republic).
- 2) The Audit Office shall inform responsible public authorities and the public about its findings and recommendations through the timely publication and public dissemination of audit reports and through other information activities if relevant.

Freedom from direction or control

Article 4

- 1) In the exercise of its duties and powers under this Law, the Audit Office shall be independent and not be subject to the direction or control of any other person or institution other than defined in this law.
- 2) The Audit Office shall be professional and nonparty and shall not support any political party.

II FOUNDING, ORGANISATION AND AUTHORITY

Founding

Article 5

- 1) The Audit Office of the public sector of the Republic of Srpska founded by the Law on public sector audit in the Republic of Srpska (Official Gazettes of the Republic of Srpska nos. 18/99, 39/03 and 115/04) continues to operate under the same name in line with this law.
- 2) The Audit Office shall be a legal entity financed through the budget, with its main office in Banja Luka. The Audit Office may decide to form regional offices where appropriate and economically justifiable for functioning of the Audit Office.

3) The Audit Office consists of: Auditor General, Deputy Auditor General, auditors, administrative and other staff.

Management in the Audit Office Article 6

1) Auditor General manages the Audit Office and is accountable for duties and authorities set up by this law.

2) Deputy Auditor General assists the Auditor General in performing the duties of the Audit Office.

3) If authorised by Auditor General, the deputy Auditor General may perform all functions and possess all duties and authorities of the Auditor General.

4) Auditor General and Deputy Auditor General can not participate in or make decisions on audits of the institutions where the Auditor General or Deputy Auditor General were the members of the management team during the previous two years.

Organisation Article 7

1) The Auditor General shall pass the rule book on the organisation and systematisation of the Audit Office, after consultations with the Deputy Auditor General

2) After the consultations with the Deputy Auditor General, the Auditor General shall adopt all internal regulations, rules and procedures necessary for functioning of the Audit Office.

3) When establishing the organisation of the Audit Office, the Auditor General's duty is to define the organisation and management in the Audit Office by issuing an internal act.

Employees of the Audit Office Article 8

The Audit Office shall employ auditors, administrative staff and other employees, capable of performing tasks, in line with this law.

Conditions for Auditor General and deputy Auditor General Article 9

1) The candidates for the Auditor General and Deputy Auditor General functions may be the persons fulfilling the conditions as follows:

a) Hold a University degree in the Economic science and possess experience in the field of accountancy and auditing of public finance or public administration, lasting at least 10 years;

b) Ensure that no criminal procedure has been conducted against them, nor that they have been legally sentenced for an imprisonment for criminal deeds, with the exception of criminal deeds against the traffic safety;

2) The Auditor General and Deputy Auditor General shall perform the functions of the Audit Office independently, objectively and in line with the INTOSAI audit standards, the audit standards of the International Federation of Accountants (IFAC) and standards of the Republic of Srpska.

3) The Auditor General and Deputy Auditor General are subject to the Law on conflict of interests in the institutions of the Republic.

**Appointment and release of the Auditor General and
Deputy Auditor General
Article 10**

1) The Auditor General and the Deputy Auditor General are appointed by the National Assembly of the Republic of Srpska upon the recommendation of the President of the Republic of Srpska. The recommendation is to be based upon the rank list of the candidates, prepared by the selection commission, in terms with par.2) of this article.

2) The appointments from par.1) of this article shall be performed and invite of applications announced in the ~~%~~Official gazette of the Republic of Srpska+and at least one daily newspaper available in the territory of the Republic of Srpska. The selection commission shall be appointed by the National Assembly and it shall consist of minimum five members, two of which must be from the opposition parties. The commission shall have to assess all the candidates and estimate if they fulfill the conditions announced in the vacancy announcement. The selection commission shall submit the rank list of the candidates to the President of the Republic.

3) The Auditor General and Deputy Auditor General shall be appointed for the period of seven years with no re-appointment possibility. The National Assembly shall appoint Auditor General and Deputy Auditor General two months before the mandate expiry.

4) The National Assembly may release the Auditor General and Deputy Auditor General of their functions in cases as follows:

a) Their resignation in writing,

b) Due to their impossibility to perform duties in the period longer than six months,

c) If, during performance of their duties, they are found to violate the provisions of Article 9 of this Law.

5) In case of the release in line with par 4) of this article, the National Assembly shall appoint a new person for this function, in line with par 3) of this Article.

6) The salaries and other compensations paid to the Auditor General and Deputy Auditor General shall be determined by the authorised Committee of the Assembly, at the levels of the President and Deputy President of the Constitutional court.

7) Appointment and release of the Auditor General and Deputy Auditor General shall be announced in the ~~%~~Official Gazette of the Republic of Srpska+.

**Transfer of powers of the Auditor General
Article 11**

1) The Auditor General may transfer some powers of the Auditor General, in writing, to another employee with the Audit Office, which case does not release him from his responsibility.

2) When executing the transferred duties the employee must obey all instructions given by the Auditor General.

**Engagement of external associates
Article 12**

If necessary, the Audit Office may engage, as per contract, a professional person as an external associate, for performance of any function with the Audit Office. Any person engaged by the Audit Office shall apply the standards and regulations of the Audit Office.

III –DUTIES OF THE AUDIT OFFICE
Responsibilities
Article 13

- 1) The Audit Office is responsible for:
- a) Financial audits (regulated in article 18 of this law);
 - b) Performance audits (regulated in article 19 of this law); and
 - c) Other specific audits (as regulated in articles 22 and 23 of this law)

Exemption from responsibilities
Article 14

- 1) The Audit Office cannot perform pre-audit inspection or pre-audit certification of accountancy transactions as part of accountancy system.
- 2) The Audit Office cannot undertake any activities outside of the scope of this Law or if their execution would prevent completion of the Audit Office duties.

Auditing Standards, Quality Control System and Quality Assurance
Article 15

- 1) The Audit Office shall implement the INTOSAI auditing standards and Auditing standards of the international federation of accountants (IFAC), the standards of the Republic of Srpska and ensure that staff and other persons undertaking any audit function under this law comply with these law when auditing the institutions in public sector from Article 16.
- 2) The Audit Office will adopt the instructions, guidelines and other acts necessary for application of the auditing standards.
- 3) The Audit Office is responsible for implementing a quality control system to ensure that audit standards, rules and regulations are complied with in the audit work, including quality assurance mechanisms for the audit work.
- 4) Upon the initiative of the authorised assembly committee, every four years, a professional assessment of the audit office shall be performed. The priority and selection for a professional assessment shall be awarded to a national office for auditing of other countries.
- 5) Professional assessment from the previous paragraph shall be financed by separate funds from the budget of the Republic of Srpska provided for this purpose.
- 6) The Office performing this professional work assessment shall submit this assessment report to an authorised Assembly Committee and to the Audit Office. The Audit office shall submit the report on undertaken measures related to this assessment to an authorised assembly committee.

Audit powers
Article 16

- 1) The Audit Office is responsible to perform auditing, in line with this Law, of:
- a) The National Assembly of the Republic of Srpska;
 - b) President of the Republic of Srpska;
 - c) Government, ministries and other Republican bodies;
 - d) All other budget institutions being financed from the budget;

- e) Funds and other out-of-budget institutions founded by law;
- 2) The Audit Office is also responsible to perform auditing of:
 - a) Budget of municipalities and cities;
 - b) Any funds provided by the international organisations as a loan or grant for the Republic, aimed to any institution and its projects realisations;
 - c) Funds awarded from the budget to the institution, i.e. organisation.
- 3) The Audit Office is responsible for auditing of public and other enterprises in which the Government has a direct or indirect share of property.
- 4) The Audit Office is responsible for auditing of all financial, administrative and other activities, programs and projects managed by one or more institutions in line with this article, including the procedure and revenues from sale of property, privatisation and concession.

Audit Planning Article 17

- 1) The Auditor General shall each year after consultation with the Deputy Auditor General decide on the Audit Office Annual Audit Plan for the following year. and submit it to the Assembly Committees responsible for audit, for their information.
- 2) When determining the Annual Audit Plan, the Auditor General and Deputy Auditor General shall comply with the provisions in this law and with adopted auditing standards.

Financial Audit Article 18

- 1) When carrying out audits in accordance with adopted auditing standards, the Audit Office shall examine the financial statements and underlying accounts of the audited institution with the aim of assessing whether the financial reports are reliable and whether the balances fully reflect the results of the budget execution.
- 2) The Audit Office shall assess whether the management of the institution follow laws and regulations, whether the funds have been used for intended purposes; evaluate the financial management; internal audit functions and internal control systems. The Audit Office shall conduct interim audits during the course of the financial year, including follow-up on implementation of recommendations from previous audits and an analysis of the measures taken on the basis of the recommendations.
- 3) Every year the Audit Office shall carry out audit according to paragraph (1) and (2) of this article and provide an opinion on the annual budget execution reports of each budget user defined in article 16, paragraph (1) of this law; and shall report annually on the audits, as regulated in article 21.
- 4) The Audit Office shall every year carry out audit and provide an opinion on the government's annual report on the budget execution and shall report pursuant to the article 21.
- 5) For other institutions except those mentioned in paragraph (3) of this article, the Audit Office shall carry out financial audits according to the annual audit plan.
- 6) In determining the frequency and modality of audits referred to in paragraph (5) of this article, the Audit Office shall take into consideration the following: whether the institution has already been audited by independent external auditors and if the Audit Office has justification

that such audits are sufficient to provide assurance of the criteria applied by the Audit Office and in terms of a risk-based assessment.

Performance Audits Article 19

In terms of the economy, efficiency and effectiveness with which an institution has used its resources in carrying out its operations, the Audit Office has the right to conduct a review or examination (Performance Audit) of a particular aspect of the operations of the whole or part of any institution, programme or activity according to this law. The Audit Office shall report on the audits, as regulated in article 21.

Comments on draft reports Article 20

- 1) The Audit Office shall prepare a draft audit report before the audit report is finalized. The draft report shall be submitted to the head of the audited institution for comments.
- 2) If the head of the audited institution concerned gives written comments to the Audit Office within 15 days after receiving the draft report, or longer time as decided by the Audit Office, the Audit Office shall consider those comments before preparing a final report and relevant comments shall be reflected in the final report.

Reporting on Audits Article 21

- 1) The Audit Office shall submit audit reports to the audited institution and the National Assembly in line with this article. A copy of the report should simultaneously be provided to the Government and the President of the Republic. Copies may be sent to any other relevant institution, the public prosecutor of the Republic of Srpska and the ministry of the interior. The Audit Office shall make audit reports public immediately after submission of such reports.
- 2) The Audit Office shall submit final reports on Financial Audits from the article 18, paragraph (3), to each audited institution and to the respective Ministry of Finance no later than 90 days from the day of the submission of the Annual report of the budget user. For the audit of the Government's Annual Report on the execution of the budget, as regulated in article 18, paragraph (4), the Audit Office shall submit a report to the National assembly no later than 90 days after receipt of the Government's Annual Report on the Budget execution.
- 3) According to paragraph (2) of this article and within 60 days upon receiving the audit report each audited institution shall deliver a response to the Audit Office, with a copy to the Ministry of Finance which sets forth the actions that the institution is undertaking to address all weaknesses, irregularities and violations identified in the audit report. A copy of this report the institution shall submit to the Ministry of Finance and relevant assembly Committee.
- 4) Based upon the findings and recommendation of the annual audit and/or annual report on the execution of the Budget, the National Assembly may reduce the budget of one or more Budget Institutions or take any additional corrective actions as may be appropriate.
- 5) When reporting on Performance Audits, as regulated in article 19, and Special Audits, as regulated in article 23; the Audit Office shall prepare and submit a report to the National Assembly and audited institution and to the National Assembly or possibly some other authorised institution in the Republic of Srpska no later than 30 days after completing the audit.
- 6) The Audit Office shall gather the most important findings and recommendations from the undertaken Financial Audits, Performance Audits and the Special Audits in an Annual Audit Report to the National Assembly. The Annual Audit Report shall be submitted to the RS

National Assembly, with the audit report on the government's annual report on the budget execution as an integrated part, as regulated in paragraph (2) of this article.

7) In accordance with the provisions of this Law all Audit Office reports published shall be published on the Audit Office website, with the exception of confidential information according to article 44 and 45 of this law.

Extra reports to the National Assembly Article 22

1) The Audit Office may at any time submit audit report to the National Assembly on any matter within the mandate of the Audit Office.

2) The Audit Office must provide a copy of the report, from paragraph 1) of this article as the information: to the President of the Republic, the Government, the Finance Minister or any other Minister that in the Audit Office's opinion, has a special interest in the report.

Special Audits Article 23

1) The National Assembly or any parliamentary committee competent for audit may at any time request the Audit Office to undertake a special audit. For the requests related to special audits, special funds will be provided.

2) The Audit Office shall provide special audits upon the request of RS Government and in compliance with the competent assembly committee.

3) The Audit Office shall submit a report on performed audits in line with article 21 of this Law.

Information to Law Enforcement Authorities Article 24

1) The Audit Office shall, after informing the head of the audited institution, if it can be done without influencing the criminal investigation, notify law enforcement authorities when indications of significant violations have been noticed.

2) In such situations, the Audit Office shall also inform the Ministry of Finance and the responsible minister.

IV FINANCING OF AUDIT OFFICE Article 25

1) The Audit Office shall prepare an annual budget request and submit it to the competent Assembly committee.

2) Upon adoption of the budget proposal by the competent assembly committee, the Audit Office shall, in line with the time framework set up in the Law on budget system of the Republic of Srpska, forward the budget draft to the Ministry of Finance in order to include it into the budget draft of the Republic of Srpska for the current year.

3) The Auditor General has available funds and approves payments of costs of the Audit Office. The outstanding funds shall be carried over to the following year and shall serve for development and improvement of the Audit Office.

Annual report on activities and external audit of the Audit Office Article 26

1) In line with the Law on treasury and Law on budget system, the Audit Office shall prepare financial reports on business operations of the Audit Office.

2) The annual report (hereinafter: the annual report on activities) shall, apart from information on business activities of the audit office, also include the financial report of the Audit Office. The annual report on activities shall be submitted to the competent Assembly committee.

3) The competent assembly committee shall appoint an independent auditor or auditing commission, to conduct the audit of annual reports on the activities of the Audit Office, as defined in paragraph 2) of this Article. The audit commission consists of five members who must be the experts in the audit and accountancy fields.

4) The Commission or independent Auditor from paragraph 3) of this Article shall inform the competent assembly committee on its findings, prior to the approval of the Audit Office budget proposal by the competent assembly committee.

V – EMPLOYEES WITH THE AUDIT OFFICE

Application of law Article 27

1) The Law on administrative service in the administration of the Republic of Srpska does not refer to the employees of the Audit Office.

2) In cases where some rights and obligations of the employees have not been regulated by this law, the regulations on the employment relations of the Republic shall apply.

Duties of the staff Article 28

1).The employees in the Audit Office shall respect constitutional and legal provisions in the Republic, when conducting their tasks and appointments. If an employee receives an order, assumed to be illegal, procedure shall apply defined by an internal act.

2) The Audit Office shall adopt the code of ethics for the employees based on internationally acknowledged INTOSAI standards, which must express the values the employees must obey, to read the code of ethics and to take an oath and verify by their signatures the acceptance of duties resulting from the Code of ethics.

3) The employees shall be impartial and shall above all:

a) Refrain from any procedure or failure to proceed, which is not in line with or clashes with the duties set forth by this law and shall refrain from public expression of their political or religious beliefs;

b) Shall not request or accept any profit or benefit, compensation in cash, services or any other form in their own or in the name of their relatives.

4) The employees shall protect from publishing any confidential information while being employed, but also after their employment terminates with the Audit Office.

Rights of the staff Article 29

An employee of the Office shall have the following rights:

a) A leave of absence as established by the Internal Rulebook and to continue in the same or similar job position when the leave ends

;

b) Be entitled to salary and compensation in accordance with the manner established in the Internal Rulebook;

- c) Be encouraged and supported in advancing career and professional development through training and other means;
- d) Be protected in his/her physical and moral integrity by the State while fulfilling his/her official duties;
- e) Be treated by his/her superiors with respect to his/her human dignity;
- f) Be entitled to form and to join a Trade Union or a professional association in accordance with the law.
- g) receive fair and equitable treatment in all aspects of personnel management without regard to gender, ethnic or social origin, residency, religion, political or other opinion, marital or other status, age, property, handicapping condition or other status.

**Incompatibilities
Article 30**

- 1) An employee shall not exercise a function, an activity or hold a position, which constitutes conflicts of interest with his/her official duties, and in particular shall not:
 - a) hold any public function at any level within the Republic;
 - b) be a member of governing or others boards of political parties and shall not follow political parties' instructions;
 - c) exercise any additional remunerative activity unless authorised by the Auditor General.

**Employment
Article 31**

- 1) Should a vacancy for position exist within the Office, the Office shall advertise this vacancy.
- 2) The vacancy announcement must be published, at least one month before the application deadline in at least one daily newspaper distributed in whole Republic.
- 3) The Vacancy Announcement shall contain:
 - a) A job description;
 - b) The general requirements for that post
- 4) The Internal Rulebook passed by the Auditor General shall determine the condition for each post in the Audit Office and shall define the posts which can, exceptionally, be fulfilled without public announcement.

**General requirements
Article 32**

- 1) Person seeking employment with the Audit Office must:
 - a) be citizen of Bosnia and Herzegovina;
 - b) be over 18 years of age;
 - c) hold appropriate educational and professional qualifications, as determined by the Book of Rules on Internal Organisation and Systematisation of Working Posts in the Audit Office;
 - d) satisfy medical conditions required for the position;

e) not have been dismissed from the civil service as a consequence of a disciplinary measure at any level of governance in Bosnia and Herzegovina minimum three years prior to the date of the application for a position ;

i) not to have criminal proceeding initiated against him/her and not have been found guilty with the exception of criminal offences against traffic, in accordance with the criminal legislation; and

j) not be affected by Article IX of the Constitution of Bosnia and Herzegovina.

2) Apart from the general requirements for employment with the Audit Office, the candidates shall also meet the specific requirements that shall be defined by the Book of Rules on Internal Organisation and systematisation of the Audit Office.

Selection Process and Appointment Article 33

- 1) The Auditor General shall establish a selection committee, composed of three members.
- 2) The selection committee shall review all applications received within the prescribed deadline and define a short-list of the best-qualified candidates.
- 3) All short-listed candidates shall be interviewed by the selection committee.
- 4) The interview must be conducted in such a manner as to secure the upholding of the principles of Legality, Merit, Independent Scrutiny, Openness and Transparency.
- 5) Following the interviews, the selection committee shall, by written recommendation, put forward a ranking list with at least three of the best-qualified candidates to the Auditor General.
- 6) The Auditor General decides upon employment of the candidate ranked as first on the list made by the selection committee. In the case that the decision on appointment cannot be made due to any justified reason (with supporting evidence), the next candidate on the short list shall be considered for the employment.
- 7) The Audit Office must keep all the records (file) regarding the selection process.

Disciplinary responsibilities Article 34

- 1) An employee shall be held accountable for the violation of official duties, which occurred as a result of his/her own fault, as laid down in this Law.
- 2) Violation of official duties can comprise:
 - a) undertaking actions defined as criminal offences and other serious or minor offences, which are harmful to the reputation of the Audit Office;
 - b) betrayal of the State, military and official secrets and contravention to the regulations on keeping those secrets;
 - c) abuse of official position or exceeding of authorisations;
 - d) failure to consciously and carefully execute official duties;
 - e) refusal to execute a legal orders given by the direct superior;

- f) undertaking actions or activities in contravention to the interests of the Audit Office;
 - g) causing a substantial material damage consciously or by an extreme negligence;
 - h) violation of work discipline
 - i) failure to execute entrusted tasks and duties in a timely and proper manner;
 - j) indecent attitude towards the citizens, collaborators and other parties in the official duties.
- 3) The accountability for committing criminal acts and offences shall not preclude the disciplinary accountability of an employee, provided that the act also constitutes a breach of duty.
- 4) Disciplinary sanctions could be written warning, punitive suspension of duties, demotion to a lower position, termination of employment.

Disciplinary Procedure Article 35

- 1) Any audited institution may file a complaint against the employees of the Audit Office to the Auditor General.
- 2) Any Audit Office staff member can initiate disciplinary proceedings against co-worker who has allegedly committed a violation of article 34.
- 3) The procedure to establish a disciplinary responsibility shall be defined by the Rule Book on Disciplinary procedure adopted by the Auditor General. The procedure shall be in line with the Law on administrative service and administration of the Republic of Srpska and the Law on criminal procedure.

Termination of employment Article 36

- 1) The employment of Audit Office employee shall cease in the following cases:
 - a) Voluntary resignation;
 - b) End of contract, where applicable;
 - c) Reaching legal retirement age;
 - d) Permanent inability to fulfill official duties due to health conditions, provided that the employee can not be transferred to other suitable positions within the Audit Office;
 - e) Loss of citizenship of Bosnia and Herzegovina;
 - f) Acquisition of the citizenship of another country contrary to the Constitution and the laws;
 - g) Staff redundancy
 - h) Two consecutive unsatisfactory performance appraisals;
 - i) Conviction for a criminal offence and sentence to imprisonment longer than six months;
 - j) Dismissal from the service as a result of a disciplinary procedure.

Salaries Article 37

The Auditor General shall pass the Rule book based upon which the structure and way of calculation of the salaries in the Audit Office shall be defined. In determining the salary grades, the Auditor General shall take into account the specific skills and experience that are required to fulfill the duties and responsibilities of the Auditor General.

Immunity and indemnity
Article 38

- 1) The persons on duty with the Audit Office performing the auditing work, shall not hold criminal and citizens' accountability for performance of the operation from their competence within the scope of their duties. These persons have the right to be protected by the state bodies against any attack, offense or unjustified action in terms of performance of their duties.
- 2) The persons from previous paragraph can not be indemnified from any criminal accountability if they were found performing a criminal deed during execution of their duties.

VI - INFORMATION GATHERING POWERS
Power of the Audit Office to obtain information
Article 39

- 1) Upon the request of the Audit Office and within the required period of time, the audited institution shall make available the information and documents, including the data in electronic form, which this institution keeps or which are under its control;
- 2) The Audit Office may require:
 - a) the information or answers to questions to be given orally or in writing;
 - b) the information or answers to questions to be verified by a statement or certificate.

Access to premises and documentation
Article 40

- 1) Auditors are allowed to:
 - a) enter and remain on any premises occupied by audited institution at all reasonable times;
 - b) full and free access to any documents or other property at all reasonable times;
 - c) examine, make copies or take extracts from any document.
- 2) An auditor is not allowed to enter or remain on premises if he/she fails to produce a written proof of his/her authority upon the tenants request. .
- 3) For this purpose, %written authority+means a document of the Audit Office signed by the Auditor General or the Deputy Auditor General.
- 4) The audited institution must provide the auditor with all reasonable assistance for the effective exercise of powers under this article.

Information gathering powers
Article 41

The operation of articles 39 and 40 can not be limited by any other law.

Purpose for which information gathering powers may be used
Article 42

The powers of articles 39 and 40 may be used for the purpose of, or in connection with, any Audit Office function.

False statements
Article 43

An official must not make any materially false or misleading oral or written statement to an auditor if the official is aware of that fact.

VII - SECRECY PROVISIONS

Confidentiality of information Article 44

The auditor must not disclose or transmit any information obtained during the course of performing an audit, except for the purposes of carrying out Audit Office function or in the cases prescribed by the law.

Confidential information not to be included in public reports Article 45

- 1) The Audit Office must not include particular information in a public report if:
 - a) the Audit Office deems such information confidential; or
 - b) the head of the audited institution issues a certificate stating that, according to law and/or book of regulations of the audited institution, the information is confidential
- 2) If, requirements from paragraph (1) are met, the Audit Office may decide:
 - a) not to announce a public report; or
 - b) to omit publication of particular information from a public report;The Audit Office shall submit the report carrying out confidential information to the competent Assembly committee.

VIII - COORDINATION COMMITTEE FOR AUDITING OF INSTITUTIONS

Coordination Committee membership Article 46

- 1) The Auditor General and Deputy Auditor General of the Republic of Srpska are members of the Coordinating Committee for auditing of Institutions in Bosnia and Herzegovina.
- 2) The Coordination Committee makes decision by consensus. Each Audit Office has one vote.
- 3) The cost of the Co-ordination Committee shall be born by the auditing institutions on the basis as defined by the coordination committee.

IX – PENALTIES

Article 47

- 1) A legal entity shall be punished by a fine of not less than 5.000 up to 50.000 KM if it:
 - a) violates provisions of the Article 39 of this Law;
 - b) Does not provide the auditor with all reasonable facilities for the effective exercise of auditor's powers under Article 40 of this Law.
- 2) For the offences referred to in the paragraph 1 of this Article, a responsible person shall be punished, with a fine of not less than 1.000 up to 3.000 KM.
- 3) A physical person or a responsible person in a legal entity, who makes a false or misleading oral or written statement to an auditor that leads to false findings, shall be fined with not less than 1.000 up to 3.000 KM.

X TRANSITIONAL AND FINAL PROVISIONS

Article 48

The Auditor General and deputy Auditor General appointed in line with the Law on auditing of public sector in the Republic of Srpska are given the mandate to the period of 7 (seven) years (The Official Gazette of the Republic of Srpska nos. 18/99, 39/03 and 115/04) and their appointment shall be confirmed in line with article 10, paragraph 3) of this Law.

Other employees with the Audit Office continue their employment in terms of the Rule book on organisation and systematisation of posts.

Article 49

In case of collision between this and provisions of some other law, the provisions of this law shall be applicable.

Article 50

The National Assembly shall pass the acts on appointment, organisation of work and other acts of the competent assembly committee, within 30 days from the date of effectiveness of this Law.

Article 51

As of the date of effectiveness of this Law, the Law on the Republic of Srpska public sector auditing (%Official Gazette of the Republic of Srpska+ nos. 18/99, 39/03 and 115/04) shall not remain in force.

Article 52

This Law becomes effective on the eight day from the date of its announcement in the %Official Gazette of the Republic of Srpska+.

Number: 01-618/05
October 6th 2005
Banja Luka
President of the National Assembly
Dusan Stojicic