

**State Audit Institution**

**Decision**

**No. 13/2013**

**Issuing the Executive Regulation of State Audit Law**

Based on State Audit Law issued by Royal Decree No. 111/2011,

And, in accordance with the public interest

**It is hereby decided**

**Article one**

The provisions of the attached Executive Regulation of State Audit Law shall be enforced.

**Article two**

The Executive Regulation of State Audit Law issued by Decision No. 10/2003 as well as any provisions which contradict the attached Regulation and its provisions are hereby repealed.

**Article Three**

This Decision shall be published in the Official Gazette, and shall come into force on the day following the date of its publication.

**Issued on: 22 Jumada Al- Awwal 1434**

**Corresponding to: 3 April 2013**

**Nasser bin Hilal bin Nasser Al Mawali**

Chairman of State Audit Institution

# **Executive Regulation of the State Audit Law**

## **Chapter One**

### **General Definitions and Provisions**

#### **Article (1)**

The words and terms in this Regulation shall have the meanings as defined in State Audit Law. The following words and terms shall have the meanings ascribed to them as under, unless the context otherwise dictates:

**The Law:** State Audit Law.

**Documents:** all written, printed or briefed instruments, documents and their drafts or any recording tapes, computers, digital video discs (DVDs), films, schemes, drawings, maps or any other materials that may be used to record or transfer information or data.

#### **Article (2)**

State Audit Institution shall undertake its responsibilities on a sample basis or through comprehensive auditing in accordance with the work needs and in light of the audit results of systems and internal audit procedures subject to the audit. The Institution may seek the assistance of competent authorities to seize, document and preserve evidence, and arrest the accused as well as seek assistance of other official entities to review some technical or specialized issues whenever required.

#### **Article (3)**

The Institution shall discharge preventive audit during the performance of the entities subject to its audit and make timely interventions to rectify the path and avoid mistakes and irregularities before their occurrence.

#### **Article (4)**

The Chairman shall approve the annual audit plan of the Institution before the start of the financial year. Any tasks or work outside the scope of the plan may be carried out whenever work interest necessitates so. The competent Deputy Chairman or his delegate shall issue work orders for audit tasks.

#### **Article (5)**

The entities subject to the audit of the Institution shall provide the Institution with the orders and directives of His Majesty The Sultan immediately upon their issuance as well as the procedures taken thereto. The Institution shall review these procedures and follow up their implementation.

#### **Article (6)**

The entities subject to the audit of the Institution shall allocate the necessary office space and equipment, and provide automatic link to their systems, as well as resolve all difficulties for the members of the Institution to facilitate the performance of their audit tasks.

#### **Article (7)**

Members of the Institution may support their observations with different evidence such as visual and technical aids, magnetic discs, visual and photo imaging and all other available aids.

#### **Article (8)**

The Institution may seek the assistance of experts, professionals and auditors to carry out certain tasks by means of direct contracting with specialized offices and companies, academic institutions, consultancy firms and others. The Institution may also seek the

assistance of any individual to perform such tasks in accordance with the following conditions:

1. Shall be of good character and have a good reputation and conduct.
2. No final sentence of imprisonment or punishment have been issued against him in a felony or crime involving a breach of honor or trust, even if he has been rehabilitated.
3. Shall have qualification and experience that commensurate with the nature of work.

Fees shall be determined as per the contracts concluded with them.

#### **Article (9)**

Before discharging their assigned tasks, experts, professionals, auditors and individuals referred to in article (8) of this Regulation shall:

1. Take the following oath before the Chairman of the Institution: "I swear by Allah, the Almighty, to perform my duties with integrity, honor and honesty, and maintain the confidentiality of the assigned work".
2. Disclose any interest related to them, their spouses or relatives up to the fourth degree, in the tasks assigned to them.

#### **Article (10)**

The information and data obtained by experts, professionals, auditors and individuals referred to in article (8) of this Regulation shall be the property of the Institution, and they shall not use or disclose them even after the expiry of the contractual relationship, and whoever violates that shall be subject to legal accountability.

### **Chapter Two**

#### **Responsibilities**

#### **Article (11)**

State Audit Institution shall undertake its responsibilities stipulated in the Law as per work requirements. In undertaking its responsibilities, the Institution shall:

- A. Ensure compliance of the procedures of privatization and restructure of relevant laws, as follows:
1. Review studies related to assessment of projects to be privatized.
  2. Review draft contracts and agreements that are to be concluded to privatize those projects.
  3. Ensure compliance to privatization process schedule.
  4. Monitor the privatization stages and assess their results.
- B. Review trusts and safekeeping accounts, as well as bank accounts and guarantees, and validate their processes.
- C. Follow up the implementation of the development plans and evaluate the performance of the entities subject to the audit of the Institution and projects as per their estimated costs in accordance with the set timeline, as well as track and assess the results and ensure that the resources are utilized with economy, efficiency and effectiveness through the following:
1. Review the implementation of the development plan and the extent to which objectives are achieved.
  2. Follow up the implementation of the development projects and ensure compliance to their estimated costs in accordance with the set timeline.
  3. Review production capacity and identify unutilized capacities of those projects.
  4. Review development of resources and rationalization of expenditures.
  5. Monitor the changes in consumption, savings and national income.
  6. Follow up the success of the plan in achieving economic balance between different sectors, identify deficiencies that prevent the implementation of the plan and the achievement of goals, and propose appropriate solutions.
  7. Monitor and assess domestic and foreign loans, credit facilities and grants entered into between the government and other states' governments, international and regional organizations, local and foreign banks and other entities.

8. Ensure that services provided by the entities subject to the audit of the Institution are economic, efficient and effective.
  9. Assess and monitor the performance of local and foreign investments of the entities subject to the audit and measure the extent to which objectives are achieved.
- D. Ensure that accounting entries and financial statements include all requirements stipulated in laws, regulations, systems and international standards as well as ensure that the budget clearly indicates the financial position at the end of the financial year and that the final accounts properly reflect the revenues and expenditures of that period.
  - E. Ensure the appropriateness of the accounting system, the soundness of guiding transactions and accounting entries in ledgers, the integrity of actions and validity of revenues and expenditures, as well as the recognition of assets in ledgers and records and their real values and depreciation, and verify the liabilities in the ledgers as per applicable systems.
  - F. Conduct full or partial abrupt inventory for treasuries, warehouses, cash advances and imprests as the case may be and as the audit may require.
  - G. Identify violations of the provisions of laws, systems, regulations and decisions occurred during the financial year in a way that affects the entity's activities, financial position or profits, and indicate actions taken thereto.
  - H. Detect cases of misuse of power, conflict of interest, nepotism and financial and administrative irregularities, and request assigning responsibility as well as take appropriate actions thereto.
  - I. Follow up administrative transactions of the entities subject to the audit of the Institution and ensure the validity of the workflow as per the plans and programs in an integrated manner to achieve the desired objectives.

- J. Detect cases of inequality in providing government services and assign responsibility thereof.
- K. Ensure that the inventory and assessment of assets are carried out as per the applicable procedures and identify any change that occurs to the bases and methods of inventory or assessment as well as review the justifications thereof.
- L. Audit tax returns and files and ensure completion of the required documents in that regard. The entity subject to the audit of the Institution shall request such documents from the entities subject to tax in case of their non-availability in the tax file whenever deemed necessary by the Institution.
- M. Audit external auditors' reports and discuss their reservations and responses of the entities thereto as well as follow up the action to be taken thereto.
- N. Follow up the implementation of the Council of Ministers' decisions by the entities subject to the audit of the Institution.
- O. Follow up the implementation of resolutions and recommendations of conferences and seminars organized by the entities subject to the audit of the Institution.

**Chapter Three**  
**Rules and Procedures of Judicial Authority**

**Article (12)**

Members of the Institution shall discharge all powers granted to the judicial officers in accordance with the provisions of the Criminal Procedures Law. In undertaking their responsibilities, they shall:

- A. Access, without prior notice and without being restricted to the official working hours, any sites of the entities subject to the audit of the Institution or those relevant to the subject of the judicial authority.

- B. Peruse all documents of whatsoever classification in the entities subject to the audit of the Institution, obtain a copy thereof and reserve all files and other sources of information such as computers, storage media and others.
- C. Request individuals summoned for hearing to appear at the time and place specified by virtue of the summons order. If he fails to appear without an excuse, the Public Prosecution shall be addressed to issue an order for his arrest and bringing him for hearing by the member of the Institution.
- D. Prepare a question minute to record the statements of the individual summoned to appear.
- E. Conduct necessary investigations to detect financial and administrative observations and irregularities and request identification of those responsible therefor.
- F. Collect evidence of public fund crimes, detain and refer the accused to the Public Prosecution.
- G. Take precautionary measures on offices, warehouses, treasuries, computer devices and equipment, and any other assets and properties including sealing them until the time they are opened and inventoried with the knowledge of the member of the Institution and those concerned from the entity subject to the audit and record such in the seizure minutes.

Any member may complete any procedures carried out by another member under the capacity of judicial authority.

### **Article (13)**

Upon discharging judicial authority duties, the member shall prepare seizure minutes in which he records the date, time and place of the opening of the minutes and available data of the incident subject of seizure, in addition to information found and measures taken by him. He shall hear the statements of perpetrators and witnesses, if required, and request



their signatures on their statements, as well as write and enclose all documents and close and sign the minutes.

#### **Article (14)**

Upon discharging judicial authority duties, if the member of the Institution deems necessary to inspect a certain residence or individual to find a proof, he shall first obtain an inspection permission from the Public Prosecution provided that the inspection takes place within seven (7) days from its issuance and is restricted to the traces, documents and things for which the permission was issued.

### **Chapter Four**

#### **Rules and Procedures for the Investigation of Reports and Complaints**

#### **Article (15)**

The Institution shall investigate and examine the complaints and reports pertaining to the violations of the applicable laws, systems, regulations and decisions by the entities subject to its audit, negligence, default in performing duties of public office or misuse of public fund in a manner that does not contradict the jurisdictions of judicial and other relevant authorities.

#### **Article (16)**

The Institution shall receive complaints and reports through direct filing, postal mail or e-mail or by complaints window, or any other means, provided that it shall:

- A. Sort and record complaints and reports in the register allocated for this purpose.
- B. Investigate and examine complaints and reports even if they were of unknown origin provided that documents are available.

C. Investigate and examine what is published in various mass media and social media including complaints, journalist investigations or articles on negligence, default, or abuse of public office or misuse of public fund.

#### **Article (17)**

The Institution shall audit the received complaints and reports in accordance with the substantive importance and priority, and as per the approved audit plan.

#### **Article (18)**

The Institution may refer some of the received complaints and reports to the concerned entities for investigation and examination and such entities shall respond within thirty (30) days from the date of referral.

#### **Article (19)**

The Institution may respond to the complainant or whistleblower in manners that it deems appropriate as long as it is related to one of his rights.

#### **Article (20)**

The Institution may communicate the audit findings of the received complaints and reports to those concerned in the entities subject of the complaint or report and shall follow up the implementation of its recommendations as per the applicable mechanism. The findings and recommendations shall only be shared with those concerned. Names of complainants or whistleblowers shall not be disclosed unless the complaint or report is related to one of their rights.

#### **Article (21)**

The Institution shall dismiss complaints or reports in case they:

1. Have been previously investigated by the Institution.
2. Have already been adjudicated.
3. Pending before the court.
4. Incorrect, insignificant or lack of specific facts.

The Institution may dismiss any complaint or report for any other reason whenever public interest requires so. It may also postpone the review of complaints or reports in accordance with work requirements.

## **Chapter Five**

### **Powers and Duties of the Members**

#### **Article (22)**

The members shall have the right to obtain all documents and information necessary to fully carry out their work. In undertaking their responsibilities, they shall:

- A. Access all offices, premises, warehouses, factories, facilities and branches of the entities subject to the audit of the Institution once they present the card indicating their membership.
- B. Have direct contact with the concerned officials in the entities subject to the audit of the Institution, and raise oral or written inquiries and receive answers.
- C. Peruse any documents, minutes, tools, assets and any other things that they deem necessary to peruse, audit and copy whenever required.
- D. Identify any irregularity, violation or misuse of power and take necessary measures thereof.

- E. Conduct field review to detect shortfalls and deficiencies in the internal audit systems, followed procedures and work methods that affect performance integrity and work environment, and recommend ways to avoid them.
- F. Carry out field visits to sites of service rendering, projects execution and others.
- G. Access devices and systems of the entities subject to the audit of the Institution.

### **Article (23)**

The Institution shall audit the entities subject to its audit through audit teams headed by team leaders who follow up the team's activities and the quantitative and qualitative production of the members. The Institution shall also conduct a field audit.

The team leader may be assigned to follow up more than one audit team if the work interest requires so.

### **Article (24)**

Members of the Institution shall carry out the audit as per the applicable laws, regulations, systems and audit manuals. They shall further review internal audit systems of the entity subject to the audit to indicate the extent of their integrity and to cover all audit aspects.

### **Article (25)**

The members shall exercise due professional care in accordance with the international professional standard of accounting and auditing, including disclosure of facts that they come to know while carrying out audit tasks whenever it is necessary to disclose them, and any deficiency or alteration thereto, or any other facts that would entail misuse of public fund or public office.

## **Chapter Six**

### **Reports**

#### **Article (26)**

Audit reports shall be prepared as per international standards and guidelines issued by relevant international organizations in a manner that does not contradict the applicable laws, regulations and systems.

#### **Article (27)**

The Institution shall prepare the following reports:

- A. Audit findings report: which shall include the findings reached by the Institution during auditing the work of the entity subject to its audit.

The report shall include the observations of the Institution resulting from auditing administrative and financial activities of the entity as well as its recommendations thereon. The report shall be sent to the concerned official at the entity subject to the audit and copies thereof shall be sent to the concerned entities whenever deemed necessary by the Institution. The entity shall respond to the report of the Institution within the period specified in the Law.

- B. Special reports which include:

- 1. Reports submitted by the Chairman to His Majesty The Sultan on the subjects and issues of special importance and issues which have not been implemented by the entities subject to the audit of the Institution as well as the difficulties the Institution faced during the course of its functioning

2. Reports on the findings of special audit tasks based on requests from some entities that are not subject to the audit of the Institution.

3. The annual report:

The report which includes the results of the Institution work during the financial year. This report shall be submitted to His Majesty The Sultan and copies thereof shall be sent to the Council of Ministers, Shura and State Councils before the end of the following financial year.